

WEDNESDAY 8TH APRIL 2015

The Honourable Speaker, Mr Ajilon Nasiu took the chair at 9.49 am.

Prayers.

ATTENDANCE

All were present with the exception of the Members for Fataleka;
Malaita Outer Islands; South Choiseul and West Honiara.

PRESENTATION OF PAPERS AND REPORTS

- Public Accounts Committee (PAC) Report on the 2015 Appropriation Bill 2015. (*National Parliament Paper No.5 of 2015*)

BILLS

Bills – Second Reading

The 2015 Appropriation Bill 2015

Mr RICK HOUENIPWELA (*Small Malaita*): I rise to speak on the 2015 Appropriation Bill 2015 in my dual capacity as Chairman of the Public Accounts Committee as well as parliamentary representative of the people of Small Malaita constituency.

At the outset, let me thank you for seeing it fit to appoint me and my honourable colleagues to the Public Accounts Committee. I assure you, Sir, that we will do our very best to perform the very important oversight role and report accordingly to Parliament. I wish also to thank the Honourable Prime Minister and the Honourable Minister of Finance for agreeing to extend time for the PAC to complete its report. Except for two departments, the Public Accounts Committees has seen all the ministries. We have also extended committee hearings on the 2015 Appropriation to the International Financial Institutions, the Solomon Islands Chamber of Commerce including the SOEs. The hearings were conducted over eight days and in that period we conducted 32 hearings sessions, 212 witnesses appeared before the Committee and we have collected 68 submissions.

Sir, on this note let me on behalf of the Public Accounts Committee (PAC) members express our profound gratitude to all permanent secretaries, under secretaries and their senior officials of all line ministries including representatives of the World Bank, Asian Development Bank (ADB), the Central Bank of Solomon Islands (CBSI), the Solomon Islands Chamber of Commerce (SICC) and senior staff of State Owned Enterprises (SOEs) that have appeared before the PAC. I also would like to acknowledge the excellent support by the Auditor General (AG) acting, in his role as secretary to the PAC, especially in putting together our report. As well, the PAC is very thankful to the Director of Committees, the assistant to the PAC Secretary, the Committee Secretariat staff as well as other staff of the Parliament office for providing excellent administrative and other logistical support. These are very dedicated people who in the last week of hearings have had to work late at night sometimes to ensure the committee is adequately supported.

In this connection too, I have to express the PAC's profound disappointment with the Solomon Islands Ports Authority (SIPA) for not turning up to the hearings like the other SOEs when summoned. We find this attitude unacceptable and cannot be tolerated. I hope the SIPA management and board takes this matter seriously. Board members and senior management of SOEs must understand that hearings by

the PAC or any parliamentary committees for that matter are an obligation under the Constitution for them to attend. They must understand that their attendance is not an invitation so that they decide whether or not to attend, rather it is a summon which they must attend whether or not they like it. I reiterate that attendance must be at the highest authority by the organisation. Both the Chairman and the CEO are obliged to attend. They should remember that in terms of the legislations under which they operate, SOEs must report to Parliament so it is inadequate to send junior members of staff alone to the hearings. Sir, let me assure you that for as long as I remain Chairman of the PAC there will be more of this in the future, not only in terms of the appropriation but also to examine their financial and other reports including the auditor's reports.

That aside, the PAC has heard from witnesses representing most sectors of the economy as well as the community at large. As earlier noted, the Committee has therefore obtained extensive coverage and collect information to report on its inquiry into the 2015 Appropriation Bill 2015 and that report has already been circulated already to all Members of Parliament. The details of the PAC findings and our recommendations are in that report which Members should now have.

That said, I wish to draw a brief background to the main thrust of my statement and more especially in terms of the Solomon Islands economy which the Government has sourced its assumptions in the formulation of the 2015 Budget Estimates.

In as far as the global economy is concerned, there is slow recovery in the last year. Both the US and the Euro zone have shown sluggish economic growth prospects, while Asia remains solid at 6.7percent led by persistent strong growth in China. This is forecasted to result in a 3percent growth on the global economy in 2015. That is welcome news for Solomon Islands.

Regionally, strong growth is expected in pacific island countries as a group but all that is accounted for mainly by the Western Pacific Group led by Papua New

Guinea (PNG) at 15percent growth. However, changes in the regional economy have no direct impact on Solomon Islands.

As regards the domestic economy, it is very heartening to see resurgence in the economy immediately after the April flash floods last year. This is mainly on account of the productive sector. The main drivers are forestry, agriculture and fisheries. Most importantly, this is yet again a manifestation of the resilience of the Solomon Islands economy, which is that of our smallholders. So from an earlier forecast of a negative growth in 2014, the year actually turned up a 2percent growth rate. Inflation is keeping below the 5 percent mark. The county's foreign exchange reserves position remains strong above 10 months of imports cover. Strong performance was also seen in foreign direct investment, while the monetary sector saw an expansion of 16percent in private sector credit.

Of significance is the fiscal position, which turned up a budget surplus of \$130million at the end of 2014. That is underpinned by cash reserves position at nearly \$1billion for that year. The debt to GDP ratio of the country was 11percent, which would be one of the best rated in the developing world.

In addition, the medium term outlook is much better than previously thought. The forecast for the year will remain firm with the main aggregates maintaining their 2014 levels or higher. GDP is expected to grow by 3.3percent on an expected strong growth in the productive sector. Monetary sector will expand by 8percent on the back of expected domestic demand as a consequence of the 2015 Budget expectations. External reserves should increase further from strong export performance and continuous donor inflows. Let me emphasize that 2015 could not have offered a better position to the incoming government than this. The DCC Government would do well to seize the opportunity to advance real economic wellbeing for our people.

Like many of my fellow citizens, I expect a lot from the 2015 Budget. These expectations stem from the publications and many pronouncements by the DCC Government since coming into power late last year. I am especially hopeful that

with the redirection to taking fundamental reforms and reforms at the sectoral level, we would now at last address pertinent impediments to the Solomon Islands economic growth prospect. I see the 2015 Budget as the opportune time to provide the impetus to make this happen. With that in mind, and having examined the estimates in a little more detail, I am disappointed that these good intentions may not be achieved through this budget. I am also concerned that apart from that, there are real risks to the 2015 Budget attaining its intended objectives.

Mr Speaker, allow me to explain why I am concerned. An important question during the PAC hearings is to ascertain if the 2015 Budget will deliver on the DCC Government policy intentions. That begs the questions, 'so what are the DCC Government policy intentions?' In his budget speech, the honourable Minister was very clear on this. The new government has reforms at the top of its priorities. Under its fundamental reforms agenda, the DCC Government promised to fight corruption in the public service head on. The Government also promised it will take decisive steps to promote principles of good governance, transparency, accountability and ethical leadership. On the political front, the DCC Government promised to forge political stability at the national level and to expedite the transition to the new federal system of government.

Other fundamental reforms include land reforms, especially tribal land to ensure a process that will turn idle land for investment and economic use. The Government also said it will take economic and financial reforms to enhance foreign direct investment as well in the SME sector through incentive schemes, capacity building programs and other forms of assistance to promote more active participation by indigenous Solomon Islanders in the economy.

In the 2015 Development Budget, a total of \$36.7million has been allocated for programs and activities for fundamental reforms. However, about 60% of that will be used for new staff costs, including remuneration packages for consultants that have been contracted in the Prime Minister's Office on various aspects of the reforms. To that end, we should not expect much to be delivered on reforms yet.

In his statement, the Minister grouped sectoral reforms under three clusters. The first cluster is the economic and financial sector. The Minister allocated \$70.9million towards reforms in this sector, which according to him will be to improve quality of public financial management and initiate work on reforms to SOEs. However, it is not very clear what work will be done and in which SOEs. The Committee enquired with at least one SOE (CEMA) to be included in the reforms. However, it was clear CEMA had no idea of what the reforms will entail. As regards to the plan to rehabilitate the Development Bank of Solomon Islands (DBSI), there were some allocations under the Ministry of Commerce, which has DBSI labelled against it. However, upon enquiry, the Ministry informed that the amount was towards ongoing programs of the ministry. The Ministry of Finance could not also articulate any activity to revitalize the DBSI. In the meantime, the Committee is aware that DBSI is currently under the administration of the Central Bank under a High Court Order. So the question remains as to what exactly will happen to reforming this sector.

The Budget statements emphasize the productive sector as priority for the DCC Government. In terms of government departmental functions, this sector includes agriculture, tourism and culture, trade, commerce, industries and immigration, lands and housing, civil aviation and telecommunications, aquaculture, fisheries and marine resources. The total allocation to this sector is \$159.7million. Of that total, it is said that agriculture development programs accounts only for 8 percent; rural road infrastructure accounts for 41 percent, lands which include land purchase and associated developments account for 27 percent; and tourism product development and institutional strengthening account for 12 percent. Except for agriculture and tourism, the bulk of this allocation will be directed towards rural economic development centres and other constituency related project activities.

While this policy direction is commendable, I have to register great disappointment that two sectors, namely agriculture and fisheries, which could

make quick and long term returns will not be adequately funded this year. During our inquiry, the Permanent Secretary for the Ministry of Agriculture said that a number of ongoing programs for which they already have adequate trained manpower to follow through have been cut out from the budget. According to him these are programs which would have addressed some of the major policy concerns under the DCC Government Policy.

In the Ministry of Fisheries and Marine Resources, it is of great concern that their bid to address the problem with our receiving the warning from EU Auditors Report will not be funded in 2015. Not to address this problem now, Solomon Islands runs the risk of losing an important market for our fishing industry, significant amount of foreign exchange earnings, not to mention the hundreds of jobs which could be at risk at Sol Tuna.

The development sector comprises mainly of rural development and infrastructure development. This sector accounts for the highest allocation in the 2015 Budget; \$473.3million or about 41percent of the total development estimates. Of that amount, 70percent is allocated to constituency development programs and projects; 13percent will go to the National Transport Fund; 8percent will go towards the maintenance of rural roads and airports; 6percent for constituency shipping grants and 2percent towards repairs and maintenance of government owned buildings.

It is obvious that this sector represents the policy priority of the DCC Government, however, there is not much in the Budget to reform programs in this sector. For example, providing \$60million to the National Transport Fund without taking action to address the perennial problem with the process of awarding of contracts and ensuring a corrupt free procurement system will only exacerbate the problem. Also, more than \$360million will be directed into the Ministry of Rural Development. In the absence of a strong governance structure and a workable regulatory framework to manage this huge budget allocation, not to mention the limited time to push fund through the door, it leaves the door open for abuse. From

the inquiry it was obvious that the Ministry does not have the capacity to deal with this huge allocation and given that their internal controls remains sporadic. In the circumstances, it would have been better to address the management and internal control system issues in this sector before providing more funds.

The next sector is the resources sector which includes Forestry, Mines and Energy and Rural Electrification and elements of Environment and Conservation. This is one sector which needs urgent attention to address the regulatory environment particularly in the forestry, mineral and mines sector. During the inquiry it was revealed that a number of bauxite export consignments could not be properly valued and for which the export duty could not be ascertained because the current regulations maybe out of date. In this sector, only \$33million is allocated, of which nearly 70percent will be directed to rural constituency projects, leaving very little or nothing at all for reforms per se.

The security sector is the next one which compasses the functions of Police and national security, correctional services and legal affairs. In the Minister's speech, the Government is allocating \$61million through the development estimates to the sector. However, it is not clear what reforms will be taking place in the sector but it is clear these funds will be applied for programs other than reforms. As regards to projects and reforms, during the inquiry, both the Commissioner of Police and the Deputy Commissioner Correctional Services highlighted very urgent capital projects in their respective areas. The Commissioner has in fact highlighted that he is compiling an assessment on the true cost of running an efficient police force in Solomon Islands. However and unfortunately, these have not been included in the 2015 Budget.

The last cluster of reforms under the 2015 Budget comprises all the remaining functions in the social and services sector. These are health, education, public service, home affairs, provincial government, women and youth, national reconciliation, women and youth, national reconciliation, foreign affairs and certain other elements of environment & climate change functions. The total development

allocation for this sector is \$256.2million. Of that, 23% will go towards transition of SICHE to SINU; 12% percent is towards operations of early childhood education; 9% towards rehabilitation of education infrastructure development; 6% to provincial government institutional strengthening; 5% towards improving health services, and 4% to retrain returning Cuban-trained medics. This would strongly suggest that except for the 6percent in provincial government institutional strengthening activities, the much talked about reforms in this sector will have no funding in year 2015. In fact, it was obvious during the inquiry that many departments in the sector will have to redirect resources which have been provided for ongoing programs to new activities should reforms are required in their respective areas and department are taken up.

In the health sector, two issues were highlighted as most pressing: one the relocation of the National Referral Hospital and, secondly improvement of service delivery in that hospital.

The issue of Cuban medical trainees was also noted for urgent action. The Committee was informed that while all these newly trained people are now returning to the country, unfortunately, they cannot be allowed to administer any medical procedures in our medical system. The Permanent Secretary of the Ministry of Health & Medical Services has actually sounded the firm advice not to use any of the Cuban trained doctors for any medical procedures in the country - you might lose your life doing so. Obviously these doctors were trained under a different system that is not compatible with our system.

Like everywhere else in the Public Service, significant reforms need to take place, especially in reasserting an effective procurement system; in strengthening the internal audit functions in line ministries and in revitalizing an inefficient customer-service culture across the board in all government departments. Unfortunately, this Budget does not entail anything like that taking place this year.

Allow me to mention of a number of features in the Bill which need to be highlighted. Upon further examination of the Bill before the House, I am of the view

that the 2015 Budget is not an expansionary budget, but obviously a deficit budget. The fact is that total ordinary revenues, including donor support could not have funded the expenditure estimates that are embraced in the Budget. It is only balanced by factoring in \$471million of cash buffers. In strict terms, it is not fully funded.

There is nothing wrong with the approach for the Government to use savings in previous years to fund investments proposed in later years. However, it is the type of expenditure that these savings are used for which is the issue. When we use our cash savings to fund recurrent expenditures, these will be immediately drained out through the balance of payments, resulting in downward pressures on the external reserves with consequence for the exchange rate, resulting in a vicious cycle which can quickly spin out of control.

Another important area of concern with the Bill is debt management. Due to strong prudential measures in the past, we have attained a debt to GDP ratio of 11% in 2014. In this second reading speech, the Minister of Finance & Treasury stated that the Government is committed to the debt management framework and the principles established in the debt management strategy as stipulated in the Public Financial Management Act 2013. I do not see that principle in this Appropriation. If history should be a pointer, I am concerned how this important policy matter is treated in the Bill. For example, clause 4 of the Bill allows the Government to borrow \$100million by way of short term discount securities through the domestic money market. To ignore prudential management in this area, and given the imminent large borrowings to fund large investment projects during the year, the country's debt position can easily return to problem again.

Besides that, in my laymen's view, clause 6 of the Bill actually undermines the debt management strategy. The effect of this clause is that the Minister would have no obligation whatsoever to put funds aside for debt servicing this year. In my view, this is inconsistent with the spirit and intent of section 69(2) of the Public Financial Management Act 2013. That section is in the Act to compel the government to put

money aside for debt servicing. Read together with Section 71(2) of the same Act, clause of 6 of the Bill will authorise the Minister to do the opposite. It will actually undermine the intention of the law, as it has the effect of perpetuating the previous attitude towards debt servicing.

Let me reiterate that Part 8 which comprises section 63 to section 71 of the Public Financial Management Act 2013 has its genesis in the 2005 Honiara Club arrangements. This was an agreement between Solomon Islands and its creditors whereby Solomon Islands had to take up stringent terms in order to regain credit access with both international and domestic institutions. Lest we forget, and for the benefit of anyone who is unfamiliar with the background, this was a time in our history when this country endured extreme economic and financial hardship and pain, and all the banks shut their doors to Solomon Islands. No one is more conversant with the situation than the Honourable Prime Minister and the Honourable Minister of Finance.

But the simple reason was that Solomon Islands had not been repaying its debts so the principles and interests were piling up into the millions which only made it worse. In fact, despite High Court rulings against the government on this matter compelling the government to pay, there was an unwillingness to repay debts. This was the background to the formulation of the Honiara Club arrangements. It was meant to be insurance against the country failing on its statutory obligations. But also importantly, it is to ensure that Solomon Islands is not forced again on its knees as it was in 2005.

There is nothing wrong with borrowing but let me be very clear. Apart from our own case, this world is not short of examples of nations that have led an undisciplined appetite for loans and now found themselves in socio-economic strife. Even rich countries in Europe are finding themselves in a situation where their citizens will for a very long time be at the mercy of international lenders and other rich countries. As responsible leaders, we cannot allow that to be repeated again in Solomon Islands. So in essence that is the short background history to the Honiara

Club and that is where Part 8 of the Public Financial Management Act 2003 came from.

Let me now discuss a number of risks to the 2015 Budget achieving its objectives. It is useful to remind that the positive outlook discussed earlier hangs on a number of factors which are outside of Solomon Islands control. Nevertheless, these pose potential risks to the general performance of the Solomon Islands economy but more particularly to the 2015 Budget attaining its objectives.

Firstly, is the uncertainty in the current low price of fuel. The question is how long will it continue if not already rising. Mr Speaker, a hike in the international oil prices has the effect to push domestic prices upward rendering real danger for the budget outcomes? The Government can only mitigate against this by applying good policy actions.

Secondly are natural causes such as floods and cyclones. The impact from these causes will turn even the current strong fiscal position to zero. The Government intends to use about 50percent of these cash reserves to fund the Budget. These cash balances are critical in times of great need like disasters. As always, the Government will have to rely on its cash reserves to ensure relief assistance reach the victims quickly. It is a simple principle of common sense to put money aside for the rainy days. The DCC Government will do itself and the people of this country good do not lose sight of this important principle.

Thirdly, a decline in log prices will have devastating consequences for revenues, which account for more than 45percent of total revenue. Not only that, but a decline in prices can spiral into loss of jobs and incomes for hundreds of families in this country.

Fourthly is the over reliance of our export sector on the Asian economies, especially China which is unsustainable in the long term. A decline in these economies will push demand downwards which could have serious consequences for the Solomon Islands exports and hence the domestic economy.

Having discussed these external factors there are also major challenges to the 2015 Budget in many areas over which the Solomon Islands Government has control or at least has influence. First the prevailing exchange policy stance results in an overvalued domestic currency. This policy stance, while it is an incentive for importers, it is killing our export trade. Is it any wonder why Honiara is flush with retail shops filled with the same imported consumer items? The fact is that all these consumer items are imported cheap but the retail shops never pass on the savings to the public. They have a very efficient system of evading the Tax Commissioner. This, in itself, is another issue to deal with but the point is that the prevailing exchange rate policy stance is facilitating loss of our exporters' hard earned foreign exchange. During the inquiry, the PAC was informed that this accounts for a major expense to the Central Bank of Solomon Islands. Indeed, that is no surprise at all. Maintaining and supporting an overvalued currency must come at a price, usually, it is the exporters that have to pay but in real terms and more directly, it is the CBSI. The Government can and should address this policy.

Secondly, the inefficient administration of our land tenure system is another major impediment to investment as repeated by the Honourable Prime Minister many times. It is not only a disincentive for the ordinary business person but it accounts for a major portion of the current high cost of doing business in this country. This is an area which the Government has absolute control, more particularly over crown land. During the PAC hearing, the presentation by the Permanent Secretary and the Commissioner of Lands almost brought me to tears. They informed the Committee that land is being transferred and registered without their knowledge and outside of the proper procedures. There are people turning up with counterfeit documents and with forged signatures.

The Permanent Secretary repeatedly made the plea to all law abiding citizens of this country not to be involved in this illegal activity. They warned that an official department stamp is still at large. The Permanent Secretary further warned anyone with a recently registered land title should check this out with them directly.

Chances are that you may be holding on to forged land documents. This is indeed a very sorry situation in the Ministry of Lands. I am encouraged by the DCC Government statement to take land reforms as a priority. But rather than taking the long road as announced, I think we can advance the progress on this area a lot faster and more effectively if the government should address this situation urgently.

Thirdly, utility is critical to economical activities. However, the high cost in electricity, water and telecommunications is not only a major cost to doing business in Solomon Islands but an important disincentive to investment. It is ironic that water, for example, we obviously have too much of it, yet our rates cannot even compare with countries where water is scarce. In telecommunications and electricity, all other neighbouring countries are paying rates that are half of what we are paying here. It appears that the country for either high levels of inefficiencies in these entities or they are pursuing extremely high returns on investment or both. This practice cannot continue. The government can take action on this. It will reap huge returns quickly, instead of taking reforms that will take years to pursue with very little return.

Fourthly, as discussed already, Solomon Islands still ranks high in the cost of doing business. Apart from high utility costs, I believe an important reason for this is the high cost in government contracts and general business. It is estimated that more than 50% of the value of government contracts is through commissions and extra perks for middlemen and agents in certain government offices. There are many examples where goods and services supplied to the government were at least five times the normal cost. This is rampant in the entire government procurement system at the ministry level, including the Central Tender Board. This is a heavy price on this country in three ways. First, the high cost to government budget, secondly, the high domestic inflation and thirdly, it is chasing real investors from this country.

A lot can be achieved through reforms that would simplify government recruitment and disciplinary procedures. Sadly, the government has become an

employment haven for many people with a checkered employment history. With due regard to the many dedicated officers in the civil service, nearly in all cases, it is those who have done it elsewhere that have corrupted the public service. The DCC Government is urged to follow through with its announcement to deal with corruption.

Finally, there is a risk that the fiscal position may be precarious. Revenue collection is said to be on track. However, while government policy spending awaits the budget to be passed, expenditure continues unabated. This is likely, if not already, to exert pressure on the cash flow. It is expected that after the passage of this budget, this situation will be heightened. It is holding only from previous years savings.

As I conclude, let me make the point that like other budgets before, the 2015 Budget has intentions that are normal to any government. Any budget should address two overarching objects - first, to release financial resources for the normal operations of the government to provide services, and secondly, to release resources for longer term investment.

I will lend my support to this Budget, but I have to confess that the issues I have raised in my discourse have actually watered down my initial excitement about the 2015 Budget. I was looking forward to discussing the People's Budget, as the Minister would like to call it; one which would address the many impediments to Solomon Islands economic and financial potentials. I was looking forward to a budget that will fund reforms to engineer positive change to the government's procurement system and to enable the government machinery become efficient and more effective in its service delivery. I am a little disappointed that I have not seen the important policy aspirations of the DCC Government reflected adequately in this Budget. Instead I recognize that we will be doing more of the same.

It is obvious that the Minister assumes a full calendar year for the implementation of the 2015 Budget. The fact of the matter is that that is no longer the case. Given that this is already April, by the time we pass the Budget it would be

May, during which time line ministries have to submit their work programs for endorsement by the Ministry of Development Planning. I am concerned that we may be trying to do too much in a very short time. Following on from the point I just made, I am concerned that there is a very real risk to the DCC Government achieving its goals under this Budget. From our inquiry obviously all line ministries are still not ready and most do not have the capacity to implement this huge budget. That said I would still urge the government to pursue that reform agenda it has promised the country. However, difficult that might be, may I suggest that notwithstanding the inadequacy of this year's budget, the DCC Government should follow through with the reforms as previously announced. With these remarks I resume my seat.

Hon. JEREMIAH MANELE (*Leader of Opposition*): Mr Speaker, thank you for the opportunity to contribute to the debate on the 2015 Appropriation Bill 2015. Let me begin, on behalf of the Parliamentary Opposition and on behalf of the good people of Hograno/Kia-Havulei, to thank the hard working Minister for Finance and Treasury and his staff for their efforts in putting together the 2015 Budget in collaboration with all government ministries. I also thank the Minister for his Budget Speech, in which he outlined the economic context, and the outlook under which the Budget has been formulated and government priorities funded by the 2015 Budget. I also wish to register my sincere gratitude to the honourable Chairman and colleague members of the Public Accounts Committee for the tireless efforts in scrutinising the 2015 Budget as contained in the Committee's report just presented by the Chairman. Each year the government is faced with making hard decisions. The government faces the reality of unlimited needs and wants constrained by limited resources and that necessitates careful prioritisation. It must do its best to deliver a budget that is responsible, credible, affordable, sustainable and beneficial to our people. Whether the 2015 Budget is as such, I guess, it will be the subject of our debate for the next three days.

Last week on the 2nd of April 2015, the Minister of Finance & Treasury presented the biggest budget ever, a historical budget of \$4.1 billion based on a microeconomic outlook of 3.5 percent economic growth for this year derived mainly from falling oil prices, growth in the retail trade and construction sectors, inland and customs revenue and increase in non-tax revenue mainly from the fisheries and agriculture sectors. The Budget will also be funded by our cash reserves and budget support from our development partners.

The Parliamentary Opposition welcomes the 'People's Budget' delivered by the Finance Minister, and like the rest of the country looks forward to its implementation. Let us ensure that this Budget is reflected on the ground and not on lip service. The 2015 Budget must create positive impacts on the lives of people, especially those in the rural areas. While our people are jubilant and expecting the budget to be passed quickly, the budget unfortunately does not quantify other important variables such as how many jobs it will create.

Let me start by making some general observations on the 2015 Budget. First of all, in terms of the preparation of the Budget, I believe time has been a constraining factor. The budget is a quantitative expression of a plan for a defined period of time. It should mirror, therefore, reality in terms of program activities, and as such it needs ample time for planning and cost analysis. Budgets have to be reflective based on sound research to help make informed decisions. There has to be broader and wider consultations on it. The 2015 Budget would have benefited from such consultations. Future budget preparations should accommodate the above processes to enhance the credibility and sustainability of the Budget. Whether the 2015 Budget is credible, affordable, sustainable and responsible or not, there is no doubt that all of us have no choice but to support it, since we need to ensure that services and developments for our people need to be delivered in 2015. It would be rather irresponsible if Parliament does not pass the budget by the end of this month.

But does that mean this debate is a futile exercise? No, it is not! It is imperative that we critically debate the Budget to ensure that the resources allocated

in the Budget are justified and there is value for money in terms of investment in the Budget. Therefore, every year there should be improvements in the formulation, contents and strategic and fair allocation of resources and in the execution of the Budget, taking into account the report of the Public Account Committee and what we recommend during these debates. To what extent this has happened over the years, I do not know. If it is not happening or improving, then we are still doing the same thing – it is business as usual. It should not. There should be by now less wastage and a more focused or realistic budget and a robust government machinery to execute the budget, enhancing the credibility and sustainability of the budget.

As the Minister has rightly admitted, the 2015 Budget is a very ambitious budget. It is so because it is based on very ambitious government policies, strategies and reform initiatives. There is nothing wrong with being ambitious or with these reform initiatives, except that it becomes unrealistic if we do not prioritize. We could end up not achieving much because of trying to do too much in a given timeframe. In addition, the proposed structural reforms need to be sustained to raise the economy's productive capacity and to fully leverage the anticipated increase in investments. A good number of projects or initiatives in the budget are ongoing programs and projects initiated by previous governments. This is understandable because these are strategic national projects that any government must pursue, sustain and complete. In this connection, I acknowledge the importance of the national projects on Malaita and the focus of the 2015 Budget on these projects and other initiatives for Malaita. Our good people on Malaita must now seize the opportunity to work closely with all stakeholders to realize these objectives. Malaitans must take the lead in initiating the necessary changes including providing a conducive environment to ensure that these important projects are implemented, not only for the good of Malaita but for Solomon Islands as a whole.

On the other hand, like in previous years, a number of resources in the budget will still fund politically driven micro projects, which have a high failure rate so the game of "an eye for an eye" continues. This is an opportunity for those in

government to push their constituency projects which they were not able to do so when they were in opposition. Hence the 2015 Budget lacks care for prioritisation and this undermines the credibility and sustainability of the budget. I will look at some of the challenges in implementing the budget towards the end of my intervention.

The Government has made a bold decision to use part of our cash reserves, \$460million to fund this year's budget. In this regard, I wish to thank previous governments including the last NCRA Government for their efforts and fiscal discipline in building up our cash reserves. On the same note, I also thank our development partners for their budget support of \$871.3million towards this year's budget. The decision to use our cash reserves have to be rewarded by high investment returns from the productive sector. It would be wise to use this \$460million in potential export oriented businesses that have the capacity to increase production outputs, hence increase of foreign reserves. Or should be used in areas or sectors where our development partners cannot support us. This cash reserve funding must be used for quality investments otherwise we could be throwing our hard earned money into a bottomless pit.

We could also risk repeating a mistake that happened some years ago, when the government then for the first time used cash reserves to fund the budget. However, the economy become stagnant, the financial system and securities market collapsed and the government went beyond the legal limits on the issuance of Treasury Bills. The Government then had no choice but to resort to offshore borrowing. I trust that this government will exercise fiscal discipline to avoid a serious and precarious scenario. It would be advisable to exercise fiscal prudence given the expansionary nature of the 2015 Budget Estimates.

Furthermore, the Minister implied in his speech that the objective of any national budget is to ensure that the provision and delivery of social services as well as create economic growth including employment opportunities for our people. This is true but unfortunately and as I have alluded to earlier, it is not clear how

many jobs, how many employment opportunities will this budget create. The creation of jobs is vital for our country, given our increasing youth unemployment. It is important that future budget outlooks and strategy must contain an analysis of how many employment opportunities or jobs the budget will create for that year. Furthermore, the Minister's budget speech should have also included a background brief analysis of where we are in terms of achieving the Millennium Development Goals and where we are heading in terms of our preparations to accommodate and implement the post 2015 Sustainable Development Goals.

Let me now turn to some of the priorities funded by the budget in terms of the government's fundamental and sectoral reforms. The Parliamentary Opposition acknowledges that land reforms need to be pursued as one of the priorities under the government's fundamental reforms. The amendments to the Lands and Titles Act and the Customary Lands Act certainly needs to be considered carefully. But let us also not forget the realities of land grab in the pretext of development in other countries around the world. The experience is catastrophic to many indigenous people who are succumbed by the theory and demands for economic growth. Thus, while we are mindful of the economic demand of our country, lest we forget our customary land is the only safe net that remains making up the largest component of our rural people's livelihood.

It should also be noted that a number of major developments we have are taking place on customary lands, so what is the problem? Is it the customary land or is it the development model or approach we are taking? I think we need to look at a participatory development approach or economic model where customary landowners or resources owners are shareholders in any investment that take place on their land. So we need to pursue land reforms cautiously - striking the right balance between what is good for our country and what is good for our resource owners. Whatever it is, we need to sort out the land issue if some of the major proposed developments in the budget are going to be implemented. Otherwise these projects will continue to be in the budget forever with no movements on the

ground. This means we are holding up financial resources that should have been spent on projects where land is not an issue. I trust the allocation of \$42.8million in the budget will enable the government to secure land and commence these major developments.

Some of the lands earmarked for development projects are entangled in court cases. These land case have not been resolved due to lack of funds to hear these cases in the provinces over the years. I hope the budget allocation of \$5.1million for Magistrates and court operations in Honiara and provinces will be sufficient for the local courts to settle these cases, hence enable the proposed developments to proceed. We cannot come up with the same excuse every year and say that due to shortage of funds, the local courts are not able to settle these cases. Delays in resolving these land cases means delays in commencing projects earmarked for these areas.

Besides land issues, the other major obstacle to development in this country for the last 37 years is political instability. The review of the Political Parties Integrity Act is therefore critical. I trust the allocation of \$1.7million in the budget will enable the government to undertake the review and bring to Parliament the necessary amendments to the Act, as well as the corresponding constitutional amendments to make the Act effective, especially when it comes to the formation of a government after elections.

On the Federal system, the question here is one of affordability - can we afford it? Even with the current provincial government system, a number of provinces are struggling to keep their finances in order and lack the required manpower. Adequate human and financial resources as well as robust institutions are keys to sustaining a federal system. I trust that with the allocation of \$40million per year for the next five years, the second phase of the provincial government institutional program will continue to build the institutional human resource capacity as well as the financial capability of our provinces.

On corruption, a holistic approach must be taken. Review and reforms of existing accountabilities institutions including the Police and Judiciary must precede, must precede the establishment of the Anticorruption Commission.

I welcome the inclusion of parliamentary autonomy in the DCCG policies and strategies. But unfortunately and sadly, there is nothing in the 2015 allocation for this initiative, which if pursued and completed, should enhance the independence of our legislature and our work as Members of Parliament.

The Government's sectoral reform agenda is also very ambitious, cutting across the board for all ministries. This is not only expensive but we simply do not have the capacity as alluded to earlier by the Chairman of the Public Accounts Committee to carry out such an expensive sectoral reform agenda. I believe only a few strategic ministries and departments should be reviewed and reformed for a start. Such a reform should be aimed at improving operational and delivery of services as well as to create savings to fund other services, especially for non revenue collecting ministries like Police, Education and Health.

On financial reforms, the current tax regime should be reviewed with a view to reduce personal tax. The current tax structure is considered to be an ingredient for personal poverty. Individual employees in the public and private sectors are heavily taxed on their incomes, while at the same time they pay goods and sales tax. Our people and our workforces have been over taxed. I also welcome the proposed review of the minimum wage rate with a view to increasing the minimum wage. This is a long overdue issue.

As we all know infrastructure developments underpins economic development. We need wharves, roads, bridges, airstrips, transportation, telecommunication services and a reliable and affordable energy or electricity to drive and sustain the country's socio and economic development. I can understand the need to focus more on infrastructure development. We must invest in infrastructure development in the provinces where major national projects are hosted and address the issue of an opportunity for growth in the rural sector. In

addition, without proper and adequate infrastructure, we cannot attract much needed foreign direct investment including tourism development.

I appreciate the huge allocation of resources of \$242million to the Ministry of Infrastructure Development. It is critical, however, that the funds are spent on strategic infrastructure projects that will actually contribute to economic growth and not on political infrastructure projects. Most of the funds including fund from the National Transport Fund (NTF) will be spent on maintaining or rehabilitating existing infrastructure. But we also need new pieces of infrastructure, quality infrastructure investments fairly distributed among our provinces to boost further economic growth. In this regard, for Isabel Province there are number of key strategic projects that have the potential to contribute to our country's socio economic development. These include the completion of the Buala-Tirodongona road, the Kaevanga-Kilokaka road, the Kia wharf, the construction of Kaolo airstrip and of course the upgrade of the Suavanao airstrip. These projects unfortunately are not in the list of DCCG priorities, so I can only hope and pray that the Government will assist with at least one or two of these projects for the year besides the Tatamba mini cannery.

The production sector is crucial to our country's economy. The forestry sector remains an important source of government revenue but the level of logging as we all know has been unsustainable. The government must invest more in reforestation and landowners themselves must take the initiative to replant trees in logged areas.

The Ministries of Agriculture and Fisheries and Marine Resources are critical sectors. I think the Chairman of the PAC has earlier on alluded to the importance of these two sectors. Unfortunately, the budgetary allocation to these two sectors, especially to the Ministry of Agriculture and Livestock is insufficient for them to undertake major investments. We need more funding for our rural coconut, cocoa, coffee and kava farmers. The \$8.8million allocated to coconut and cocoa programs is simply insufficient for our rural farmers. As I have said there is nothing for coffee and kava in the budget. We must invest more in the agriculture and livestock sector.

Above all, we need more foreign direct investment in the agriculture and fisheries sectors to enhance robust rural development.

We have always said that tourism has a lot of potential for our country. Unfortunately, we do not backup our words with the required funding allocation to this sector. This year's budgetary allocation to this sector, though has increased slightly is still inadequate to make a difference. We need to invest more in the tourism sector to help us address the constraints faced by this sector, especially in terms of limited human resources, weak marketing and promotion and poor infrastructures. Only big investments in the agriculture and fisheries sector as well as in infrastructure including communication and aviation will help to develop the industry.

Furthermore, the Government should create a special tax regime to attract tourism related businesses, including brand hotel names to come and invest in hotel accommodation in the country, thus enhance tourism development. We also need to invest more in preserving our cultures since this is the strength of our tourism industry. A lot of our tourists visit our shores because of our unique cultures and traditions.

The mining industry is also a very important sector for our economy. It is a sector that can boost our GDP but has to be weighed against the long term environmental impacts.

On the social sector, education and health will continue to receive a huge share of our budget, and this is normal. These are key services that directly impact the lives of our people. It is important that there is a fair and equitable balance in terms of the focus and allocation to the education sector, covering early childhood education, primary, secondary, tertiary and technical and vocational education training. In this regard, I acknowledge the 33% increase in funding to basic education to meet operational expenditures of early childhood education, primary, secondary and rural training centres throughout our country.

In terms of technical vocational education training (TVET), the government must upgrade and build more rural training centres to accommodate the huge number of drop-outs at the primary and secondary levels. There is also a need to review the RTC curriculums so that they can respond appropriately to the labour needs and demands of our economy. I trust that the review of the Education Act will look into some of these issues so that we can ensure there is both quality and quantity in terms of human resource development in our country.

We need not only a well-educated and trained labour force, but also a healthy and productive one, so health and medical services will continue to be a priority for any government. The scourge of non-communicable diseases is a serious threat to our people, including our labour force. It is a threat that requires our collective attention and efforts. Much has been said about the relocation of our only National Referral Hospital, but it appears there is still a lot of consultations that have to be done by the ministry concerned, especially in terms of whether it will be a total relocation or partial relocation in terms of the functions of the hospital. In this regard, it appears that the National Referral Hospital building will still be there for years to come, performing certain functions, whether primary, secondary or tertiary healthcare services. And so the relocation will not happen this year or it may not happen at all. For this year, we can only build seawalls to protect the shoreline of the hospital from coastal erosion.

If we are really serious about the health of our people, we need to properly equip our National Referral Hospital and provincial hospitals. Our hospitals including the referral hospital, lack the necessary and even some of the basic equipment they need, such as the CT scan machines, MRI and ECG machines and ventilators. These are laboratory equipment urgently needed for certain specific tests, which are currently being sent to Australia. Some of the deaths in our hospitals could have been avoided if we have the necessary equipment in place. It is important that we need to properly equip our hospitals, including our referral hospital and I hope the government will include in this year's supplementary budget

a huge provision for these important equipment so that we can save lives. Women, youth and children and people with disabilities are the most vulnerable members of our society and often they are not given the support they require. Their needs and interests must be mainstreamed in the policies and programs of all our sectors.

Solomon Islands is blessed with rich talents, one of which is music. A lot of our youths are fully engaged in this industry. However, there is less recognition and support given to them to further enhance their raw talents. Solomon Islands music has been hitting the charts in the region, especially in PNG and Fiji. If fully supported and developed, the music industry will be a good revenue earner for our country. Not only that, but engaging our youths in this regard will help them to become useful and productive citizens. On the same note, relevant copyright laws have to be adopted as pirating of intellectual property – songs – is becoming uncontrollable. It is high time that the government considers establishing a proper music school to develop our music industry.

Our environment including climate change, disaster management and meteorology is the context in which we operate. The recent devastating Cyclone Pam which struck Vanuatu and parts of our country once again demonstrated the extreme vulnerability of small island countries like Solomon Islands to natural disasters. The increasing magnitude and frequency of natural disasters is a serious threat to our development gains and efforts. It can in a matter of hours wipe out developments that take years to achieve. Hence, we need to invest more resources in disaster risk reduction initiatives to improve the resilience of our communities and people. At this juncture, I am not sure if the 2015 Budget has made allocations for the relocation and rehabilitation of those affected by the April Flash Floods, especially those who reside and work in Honiara, but lost their homes. I trust that relevant government agencies will attend to the plight of our fellow citizens who are still struggling to rebuild themselves at the April hillside.

The Ministry of Rural Development has been allocated, as we have heard and as we know the largest share of more than \$260million for the 50 constituencies

under the Rural Economic Development Program. The Parliamentary Opposition recognizes the need for our rural people to participate more actively and meaningfully in the development of our country. However, there has to be a coherent, strategic and some kind of alignment to consolidate the concerted efforts by provincial governments, development partners, faith-based organisations, and community-based organisations. These institutions should be fully embraced, supported and given to task if we want to ensure collective participation in developing our rural areas.

In this connection, I also propose that the government establish a policy framework to commit stakeholders to collaborate under a bipartisan agreement entailing all aspects of the partnership. At the moment, development stakeholders are working in isolation. There is duplication of programs reinvented by government or vice versa. The issue here is lack of plan and proper coordination resulting in wastage of time and limited financial resources.

I am aware that a draft regulation pertaining to the CDF Act is in the pipeline. It is important that this regulation is finalised and gazetted to ensure accountability, transparency and regular reporting on the use of constituency funds. Meanwhile, I understand the provisions of the Public Finance Management Act will apply to the use of constituency funds to ensure proper use of these public funds and resources. I agree that all constituencies must have a Constituency Development Plan (CDP) to work with so that we monitor the utilization of these funds based on our CDPs. The Hograno/Kia/Havulei Constituency will soon finalise its Constituency Development Plan to guide our development efforts in the next four years and hopefully beyond. It is indeed important that the Ministry of Rural Development is capacitated to enable it implement the rural development economic program, a point well-articulated earlier by the Chairman of the Public Accounts Committee. I trust that the government will finalise the operational guidelines for this program so that constituencies can start working and implement their programs and plans as soon as the budget is passed.

The proposed rural economic development program must acknowledge and note that the majority of our population depends entirely on subsistence agriculture and fishing. They have relied mostly on traditional methods of production, therefore, quantities of local produce are low, hence limited household income. The remote and scattered location of our rural communities makes access to transport a huge challenge. There is also a lack of awareness both on potential and existing markets as well as on training on improved agriculture and fishing techniques.

With the above challenges or limited opportunities to enhance the production of goods, many rural families have not been exposed to financial opportunities. It is, therefore, important that constituency economic projects should provide opportunities for local producers to improve production and link their produce to local markets. This will give families a potential source of increased income. I also propose that through the Ministry of Rural Development all constituencies should produce annual reports to be tabled in Parliament, outlining the progress achieved and challenges faced in implementing their constituency developmental plans under the rural development economic program.

Peace and development are the two sides of the same coin, effective security as we all know is central to development. The proposed reforms in the security sector are therefore crucial, not only for our security but also in fostering investor confidence and attracting foreign direct investment into our country into our country. The Royal Solomon Islands Police must be equipped and resourced adequately, especially after RAMSI police funding component lapses in 2017. We must begin to identify and work on potential gaps in order to sustain and build on the gains made so far.

We must continue to undertake peace and nation building initiatives through the Ministry of National Unity, Peace and Reconciliation. In this regard, the post conflict rehabilitation program and work on dealing with existing and emerging threats to peace in the country, which have been allocated a total of \$10.7million in the budget, must be designed and costed properly, if they are to be effective and

produce the desired outcome or impact. Moreover, the recommendations of the TRC reports are imperative for long term peace and security in this country. The government needs to deal with this in the most appropriate and productive manner. Above all, we must work as a country together to cultivate a culture of peace and tolerance, a culture of respect and peaceful coexistence. This is what should underpin our nation building and state building efforts. Our school curriculums, for example, should include programs to instill in our children and youths mutual respect for our diverse cultures and people and a sense of national pride and patriotism.

Our foreign missions, embassies and high commissions need to be resourced properly. We should send trade, fisheries and agricultures experts from our technical ministries to be seconded or attached to our overseas missions, to seriously pursue potential opportunities in these sectors. In addition, as a least developed country, we have not fully utilized certain funding opportunities that could help to develop our country. We need to build up our technical capacity and strengthen coordination between the Ministry of Foreign Affairs and other line ministries in order to effectively follow up and utilize potential opportunities out there.

Let me now look at the challenges in implementing the 2015 Budget. The most serious challenge to the execution of the 2015 Budget is time. The timeframe for implementation of the budget is simply too short. Obviously, we will start expending the budget around May, so we may have only seven months to execute the budget, and this is simply inadequate. I acknowledge that this is only the start for the DCC Government and most of the projects and reforms will continue next year. But let u not repeat or make a new start every year.

Secondly, some of the Government Ministries do not have the capacity to effectively implement the budget within the seven months timeframe left for this year. Their recurrent budgets are not linked or simply inadequate in terms of their manpower establishment to support the implementation of the programs in their development budgets. I acknowledge that the government will recruit additional

staffs for the Ministry of Rural Development, the Ministry of Infrastructure Development and the Office of the Prime Minister and Cabinet. However, the productive sector ministries such as the Ministries of Fisheries and Agriculture are the ones that must be given additional staffs to enhance their capacity to collect additional revenues for our country.

Moreover, the government needs to post some of its local consultants and political appointees to the provinces, especially to Auki, Malaita to work with the provincial government and landowners to facilitate the implementation of our important national projects hosted by the provinces. For the additional consultants required, it is important that government undertakes a proper and diligence skills search and tap appropriate qualified human resources available in the market if it is serious in achieving its policy intentions.

Another avenue that can be tapped is to get our bilateral partners under existing bilateral technical agreements to fund some of these consultants. There must also be clear guidelines separating the roles of national consultants and the permanent secretaries to avoid a clash of responsibilities that can potentially demoralise the performance of responsible officers. The timely availability and release of funds will also determine the effective and efficient implementation of the budget, hence its credibility.

With regards to budget support funds from our development partners, there could also be delays in accessing these funds if we do not meet the necessary conditions and benchmarks. Some of these funds are performance linked so if the government does not meet certain benchmarks or conditions, the funds will not be released on time.

For now, the 2015 Budget sounds affordable but I am not sure whether it is sustainable. Will the government continue to draw from our reserves to fund next year's budget and subsequent annual budgets? Going forward and sine the government will in the next few months prepare the 2016 Budget, it is important that among other things the government considers the following: That future budget

preparations and consultations are broader and extensive, including our provinces, private sector, development partners and other development stakeholders. These consultations will enhance the credibility of the budget.

Secondly, it is important to ensure that future budget economic outlooks and strategies contain other important variables such as data on employment opportunities that the budget will generate. Thirdly there should be a focus and prioritize big-ticket items or projects that will boost economic development and bring about transformational changes to our country. Fourthly, we must pursue a targeted approach in building the capacity of the government machinery to effectively implement future budgets. We must also align future budgets to a long term development plan and vision for our country that is linked to the global 2015 development agenda relevant to Solomon Islands.

Finally, as I have alluded to my debate on the Speech from the Throne, our country needs to have a national spatial planning framework. This will enable each province of the country to know exactly what its potentials are and to explore it as well as to be informed regarding the potentials of other provinces. These frameworks will also provide the context of specializations, which each province can develop using its comparative advantage. It will also be necessary to have this in place to ensure there is a fair and equitable allocation of budgetary resources between our provinces in the budget.

In conclusion, on behalf of the Parliamentary Opposition, I wish to sincerely acknowledge the ongoing contribution of our rural population, our rural fishermen and farmers and our development partners, both bilateral and multilateral towards our country's development aspirations. The Government must continue to work closely with our development partners, the private sector, provincial governments, faith-based and community based organisation and our people as a whole to achieve the changes and development endeavours of our country. The challenge now is to implement and deliver on the programs and projects funded by the 2015 Budget.

Our people are waiting, they are waiting; the budget is in their name so let us ensure that much needed services are delivered to them, especially the majority of our people in the rural areas. Let us not fail them, let us not fail our people. The government machinery must be capacitated and robust enough to deliver and ensure that there is value for money expenditure or spending in the 2015 Budget. With these remarks, I would like once again to sincerely thank the Minister of Finance & Treasury for presenting the 2015 Appropriation Bill 2015 and I support the Bill.

Mr MANASSEH MAELANGA (*East Malaita*): Mr Speaker, I want to thank you and the Honourable Prime Minister for moving the motion to grant leave to debate the 2015 Appropriation Bill 2015. It is traditional practice that Parliament is graced with a speech from the Honourable Minister of Finance and Treasury. Today, I will rise to comment on behalf of thousands of Solomon Islanders, hence respond to a few aspects of the speech made by the Minister of Finance and Treasury.

At the outset, I noted the delay of the 2015 Appropriation Bill 2015. I mentioned in my response to the Speech from the Throne on the need to be realistic to be able to transform policies into real developments. I have cautioned this Honourable House and the Government of the day on the simple notion of the livelihood of putting policies on paper but without the resources to actually implement them.

In this instance the 2015 Appropriation Bill 2015 is no different from the last government's budget. This is because of the very fact that they are all government budgets. However, on top of that, for me it is no different because I still hold the same convictions today like in the past that we must have a realistic budget and a workable one. This was and is still my conviction today that any budget of this nation must be realistic. The budget that we develop ourselves or in the future by future generations must be always realistic; a realistic budget that reflects our economy and livelihoods; a budget that secures a political will to be implemented in

the backwaters of national priorities; a budget that is supported with appropriate policy directives and reform and regulated environment; a budget that grasps the core values of society and development; a budget that is pillared on our nation's creed to survive and to develop; a budget that is realistic can truly be called the people's budget. Not a budget full of inflated projections, weak economical forecasts and poor regulatory measures. Not a budget that has no level of sustainability. Not a budget that is highly dependent on aid. Such budgets are bound to fail both in the short term and long term journey of this nation.

In these global uncertain times, we ought to have some domestic certainties. I will on our interest in regards to our global connections with this budget later on. In the meantime, do not fail this budget; do not fail the people's budget. Having said that, the strength of any government is in its strong political will, where there is strong optimism and clear politics on the intentions of the Government of the day. We should expect a demonstration of effective policy implementation programs. Therefore fundamental to the execution of a plan is the idea that we must have the appropriate capacity and resources to execute. I ask this Honourable House, do we have this political will to execute and the resources to secure completion of projected plans. If the answer is on the affirmative then we ought to have a realistic budget. If we are to have clear projections on our revenue strategies then we must have strong regulatory measures on how to implement the budget.

In terms of the measures on budgeting, as I had stated earlier, I will dwell a little bit on the budgetary process. Briefly, I would like to take us to budgeting. During a normal tenure of a house in contrast to budgets preparation during a government formation period, for this budget I have noticed the delay, and the explanation is that we have just had our elections. In terms of the government formation period, the challenge therefore is that the government's budget will be delayed. Even the normal requirements of the budgetary process will be lawfully short-circuited to suit the circumstances.

Budget preparation is the life blood of the government. Therefore, we must allow any government to prepare a good budget within a certain political environment. In other words, the budget is as good as its preparation and it should respond adequately to the adverse challenges that our nation is embedded within. In so doing, it must also embrace its range throughout the country. We believe we need to reform our laws and regulations to address this corner of our budgeting timeline so that we ensure that the budgeting process in whatever period of the life of the Government will ensure that proper and precious processes are adhered to. In addition, we do have a huge public service which awaits the Government to lead them to deliver. We also have the provincial governments and they are all prepared to be part of implementing government priorities. That was a conscientious stand. Members of the Independent Group in Parliament have generally raised the concern that once the budget is passed, clean execution of the development aspirations of the people must be realised. And I repeat – the development aspirations of the people must be realized.

The previous budget was a people's budget and the one before that was also a people's budget. So too, today, we now again term this budget as the people's budget. I want to inform this honourable House that this side of the House will always support the people's budget. We support this budget premised on some of the following fundamental arenas in which the budget must be realised upon. It is very important to highlight that a lot of confidence and promises have been set under the 2015 Appropriation Bill 2015, for the people of this nation most, of which are outlined under the so-called parallel sectoral approach.

Let me dwell on some areas as my commentary on the 2015 Appropriation Bill 2015. The fundamental areas that I wish to talk about today are the fundamental reforms of the government and the country. Secondly, the sectoral reform programs, and thirdly the general scope of the budget. It is important that the government embarks on continuing with its fundamental reforms. No government should be without appropriate plans to reform fundamental areas within itself. It is about

governing, remodelling; it is the cycle of the wheel of institutional democratic governance that must be turned.

Various legislative reform agendas have been highlighted, however, if these have been factored in the reform agendas. It is also imperative that government and parliament work on a comprehensive legislative calendar. This will enhance the scope in which the fundamental reforms of the government will take. This is basically putting the house in order by having appropriate schedules of fundamental reforms that may need legislative actions. I stand to support this honourable House must introduce appropriate legislation to support the work of the government and look after the welfare of our people.

A lot of work must be done to ensure that the whole government mechanism is functioning. If I may pick from the Speech from the Throne delivered by His Excellency, it has been indicated that major proposals for constitutional changes are expected. This is to pave the way for an anticipated federal government system. The Minister for Finance again introduced to us in the Budget Speech that a considerable amount of funds has already been expended on this work. I agree that large sums of fiscal support have been rendered towards drafting a federal constitution. At some point in time, it must be laid before this honourable House.

I have now indicated my support for the fundamental reforms mentioned in the Speech from the Throne, hence my suggestion today for a comprehensive legislative calendar to support the cause. Having said that, I wish to reiterate that it is important for law making mechanisms of this nation to function proactively and not on ad hoc basis. This is what a legislative calendar will do. It will aid the fundamental reforms for the nation. Therefore, this also means that we must have a working parliament, a parliament that sits and deliberate during parliamentary sessions and parliamentary committees that work throughout non meeting times.

We must work hard to ensure that the legislature is given an independent and autonomous function. This is what I am referring to. We must work towards an

effective and independent parliament. Autonomy of the legislature is the way forward. It is about fundamental reforms. Thus, I hope it is factored in the budget.

His Excellency the Governor General mentioned in the Speech from the Throne areas of sectoral reforms. This is also captured by the Minister of Finance in the Budget Speech. Sectoral reforms are an integral analysis or measure to sectoral reforms in key productive areas, whereby we have to observe our growing tourism and agriculture programs, our engagement in trade, commerce, industries and immigration, our domestic priorities in terms of planning, housing and land management, our approaches to communication and its pivotal role in development, education and health. We must also accord appropriate for our national security.

We must feature well in terms of needed infrastructures to drive our economy forward. Appropriate budgetary allocation is critical to these functions. We have to expand our service base sector. This side of the House will render its support to these government's sectoral priority programs.

Finally, in relation to the scope of the budget, I would like to dwell on two components; firstly, on the international component to the budget and the other is the domestic component.

I will now make some reflections on the 2015 Appropriation Bill 2015. I have stated this in my response to the Speech from the Throne and I will do just that. I would like to seek deeper into what is construed within the budget. The people have heard too many things in a short time. Not at any time in history have we been promised the delivery of development from the government than today, from the DCC Government. The Prime Minister voiced out numerous assurances to the people of this nation that this will be a new starting point of a different era. What does his Minister of Finance say, and importantly what is actually contained within the Budget? Let us hear the budget speak on its own.

First and foremost, the Budget is a domestic one, however, a significant percentage of the Budget amounts to international intervention, either donor support or through bilateral and multilateral arrangements. What is this saying to

us? The budget is about both expenditure and revenue; simply put, it is about projected revenue and expenditure. The Budget therefore is like a financial mirror to government policies. It reflects on priorities of the government of the day. The budget therefore projected fiscal support from traditional donors, both in recurrent programs and development budget.

A significant percentage is projected from outside sources. About one quarter of the budget has external ramifications to it. Would it be about a domestic budget, with a question of exposing itself to external fluctuations? Of course, it would be its highest degree. What does this mean to us? Politically, we have to ravage on our fading foreign policies. We have to update ourselves on ongoing global climate when we engage on the fiscal support programs from outside parties. Hence, the Budget must reflect on the policy direction of the government, especially having a comprehensive foreign policy in place. Do we have one? This is as far as our foreign policy is concern. But before I finish on this part, we must be grateful that our outside friends, the international communities are still assisting us in our nation building, and I would like thank them for their gratitude.

I will now turn to our local situation and I want to pose the question, a question that I called the 'honourable Member of Parliament question'. It is a question from us, it is a question for us, it is a question that we dare not to ask, but it is a question that is long awaited for. It is a question to the budget. It is a question on how we face our people on an everyday basis. Honourable parliamentarians, it is the question of funding for outboard motors, canoes, solar, iron roofing, toilet slabs for sanitation, school fee support, church funds for church buildings and ceremonies, forest assistance for those who plant trees, fisheries assistance in terms of fishing nets, support assistance, sports uniforms, sponsoring cash prizes for tournaments, purchase of a new ship for the constituency, assistance to small businesses, cocoa and copra buying, canteens, transportation industry on both land and sea, women groups, sewing, poultry, piggery, eco lodge and homestays, direct help during deaths, marriage **11.39** , and the list goes on and on and on. On one hand this is the

ever day question of an MP and on the other hand this is the everyday expectation of a voter. Put together, it is the threshold of our political climate and a cornerstone of community interaction and a reality on the ground.

While we stand to depend further within the global economy, the local settings might already be experiencing some form of chaos. While we are diligently prepared to improve the basis of our budgeting and use of resources accordingly, the reality is a democracy in suffering. The interest of the question is critical that our people understand what is contained in the budget. Put it another way around, the worse thing the Minister for Finance did was not to clarify these expected funding support to the people of this country. The people need to know what funding they are expecting from the 50 Members of Parliament.

I am not ignorant to the ideals of realistic budgeting and appropriate spending - I understand that. What we need to clarify to our people is the style in which the budget will be executed, the form it will take and the mandate the Government has to do as it projected to do. Indeed, if the people understand the budget, it means its way of execution - what a wonderful discourse it would be. However, if our people and leaders have linked the budget to that of a Christmas gift tree, then we are bound for interesting times. It was noted that the Minister for Finance has stated in his Budget Speech that the greatest challenge is the execution of the budget. That is why I have stressed regulatory measures to support the budget and its implementation. Nevertheless, as it is we now have the awaited people's budget and it is time to get factual and implement important reforms for our people.

I will sum up with a message of hope at this Easter season. To be resurrected with Christ in this nation - Mr Speaker, Honorable Prime Minister, Leader of the Opposition, Deputy Prime Minister, Cabinet Ministers, especially the hard working Minister for Finance and your staffs, Members of Parliaments, all government ministries, provincial governments and our donor partners, I would like to thank our donor partners in continuing to support our budget. With this short budget

speech of mine, I on behalf of independent members of Parliament, beg to support the Budget.

Hon. MILNER TOZAKA (*Minister for Foreign Affairs & External Trade*): I rise in support of this Budget, our budget, the DCC Government's Budget delivered by the Minister for Finance & Treasury a few days ago. I thank the Minister for tabling this Budget and I also thank the Chairman of the Public Accounts Committee and his committee for their report on the budget this morning.

I listened very carefully to the debate of the Budget from the other side of the House, especially the Leader of Opposition, the Chairman of the Public Accounts Committee and the Leader of Independent for their concerns and collectively the issues they mentioned are very important, reminding us on this side of the House, the government side, of those issues. We will take onboard those concerns in our various ministries. They are outstanding issues, and we have just taken office about three months ago. It is always a practice by the government that when you come into power, outstanding issues by the last government which it may have wanted to carry out but probably it did not have the time to do it or they may have the policy but did something different. But I am very happy that I am on the government side of the House under the Prime Ministership of our Prime Minister now to see that we are taking up our job since we have taken office in the last three months and we have tackled a few issues already, especially some outstanding national issues that are very important to us.

One thing that struck me from the speech of my colleague is the usage of the word - "make a difference". For some of us sitting down here, not many of us who are here in the chamber saw the independence of Solomon Islands from the colonial government. Only a few of us and one of them is me. And I could tell those of you on the other side of the House that some of the matters you have raised were raised by me on this side of the House because that is the system we have been operating since independence. The attitude of 'we are just passing the budget, another

business' as mentioned by the Leader of Opposition. Our thinking is 'just pass the budget so that the ministry can work. So I was arguing about this.

I then questioned myself whether my argument is valid or is it a timing factor? When I consider this I see that the Minister of Finance is taking a challenge. What he was saying is 'let us make a difference'. We should be doing something different to what we have been used to doing all along. I did not get him at the first place and so I went back home and debate it myself. I asked 'what does this man means'. And after many analysis, I just came to the conclusion that, yes, this is how we have been doing things and the question is where is this money that goes to the budget and why did out people in the rural areas still remain the same. Honiara is developed a bit but if you go to North Vella and other constituencies, they are just the same. There are no wharves, no airports, and if there is an airport it is not tar-sealed, clinics - some have clinics while others do not, and things like that.

When I looked carefully into this, I can really see the reason why the Minister of Finance and Treasury said that we need to make a difference, and it is a challenge to us. So I must join him by taking on this challenge. That is the reason why I am supporting this budget and want to thank those on the other side of the House for supporting the budget. I also thank the Prime Minister that we have put our policies collectively and this is our budget to implement those policies. And so I am very happy with this budget.

When I was on the other side of the House, you would remember that I never ever pushed any projects from my constituency of North Vella Lavella. I just go by what is in the budget. But to my surprise I can sense that something is going to happen this time to my constituency of North Vella Lavella. Now we are going to have a wharf in North Vella Lavella, and it is because of the budget. Now we are going to have an airport in North Vella Lavella. And the wharf is going to be in Dovele, the Clerk's place for the first time. A ship is going to travel from Honiara down to Dovele to collect fish from there and come up back here. The people have

ships to do that, and this is for the first time, it is going to happen because of this budget.

And for the first time too we are going to have an airport on Bagha Island, a government owned land. Only South Vella has an airport established by the Japanese but from that time in 1940 since Japanese established that airport, there is no airport in North Vella Lavella and so for the first time the DCC Government is going to help us to develop. Therefore, when I see this budget, I said to myself, very true, this is going to work. This budget is going to work. This is the biggest budget ever and I think it is historic.

I know that donor partners are not happy about this. Donor partners have problem with what I am talking about to you now, and are also questioning 'where are we', 'where are we going to be part of this'. I am happy that it has taken them time to understand it and they are slowly working with us on this budget. And so I am very happy indeed. I just want to say that this Budget is going to make a difference in our places. This budget is targeting the provincial level and also infrastructures for the first time. It is half and half; half belongs to the province and half of belongs to the government machinery, and that is fair. In the past it is not like that, it is either 45percent or three quarter is for government machinery and only a quarter for the rural areas, and it never works.

The majority of our people live in rural areas and they already heard about this from all the statements made by the Prime Minister himself and also the Minister of Finance, and what is coming back through us is their support in this budget. I know it is only eight months left for us, which is not very long. But I think it is good for us to implement this budget. Maybe it is going to be a trial for us. Why not? And we are going to falsify it and next year probably it is going to be perfection, not really perfection but will continue with it, just like this spear which can be bended this way until it is straight but it is ours now, it is the people's budget and we own it. I am speaking very confidently now, and I have never spoken like this before. And I have never spoken like this in the past simply because I have

never been confident with any budgets in the past. What I am talking about in this budget, this is a budget, and I do not understand what it is. Because I do not feel like I own it, but now I own it. My people own this budget, and I am very happy about it. I am giving you my words - give us time. Do not think that once we pass this budget, this side of the House is going to go and connect it straightaway. We are going to move collectively with it. I am very happy with this budget that it is going to work.

In terms of foreign affairs I am not going to talk about it because all of that is inside our plans. We are going to review, and thank you Leader of Opposition for what you have said about the review of the agreements. We are going to do that. There are no collaboration with stakeholders.

In regards to trade, we are yet to pass this budget but when we came in, we have already implemented the trade policy framework in my ministry. Now, the whole machinery of government, the productive sector in my ministry and the Solomon Islands Chamber of Commerce (SICC) and the business sectors are going to be like this, and I am chairing that meeting on trade.

We have been talking about trade, everybody. Commerce is talking about it, the Chamber of Commerce is taking about it, that sector is talking about it but nobody is coordinating it. That is exactly what the Leader of Opposition was saying. But now that we have a framework and the Pacific Forum also helped us to put it together. And what we are so good about it is that now they are aware that Solomon Islands has a trade policy for the first time. So now we are coordinating it, and the DCC Government is doing that. We have not yet implemented our budget but we have started. This is very, very exciting. What you on the other side are saying will be taken onboard. Perhaps it is not that perfect but from what you are saying, we are taking onboard and will move forward.

I would like to say that I am very, very happy and I just turn up to say that I fully support the Budget. The public looks forward very much to this budget. The public wants it to be passed now so that we can start implementing it. I am sure that

all of us will work together with the other side to implement it. It is a very good sign too that those on the other side of the House support the budget. I have never heard of such before but now I am hearing that the Opposition and the Independents are supporting us. With these few words I support this Budget.

Mr Speaker: Honourable Members, it is now mid-day now so let me remind Honourable Members that we are running against time, so we must be prepared to go even without lunch during these four days of debate so that we can pass our budget as quickly as possible. Can we have one or two more speakers before we take a break?

Hon. DANNY PHILIP (*Minister for Planning & Aid Coordination*): Thank you for giving me time to contribute very briefly to this budget debate. By doing so, I would like to thank the Chairman and members of the PAC who have done so well with their very comprehensive analysis of the budget. The Chairman has very eloquently delivered his report to Parliament this morning as part of his debate and highlighted also certain observations and concerns which the Committee highlighted in its report. I would also like to thank the Leader of the Opposition for his contribution to the budget speech earlier on. But, Mr Speaker, I would like to follow your sentiments to be the early bird to catch its worm to say what I would like to say about this budget and then others will come later.

Three months ago I was sitting on the other side of the House and so was the Chairman of the PAC who was at the front bench on this side and sometimes it is very easy for us to forget what happened in the recent past. But I take his analysis, his observations and concerns in the formation and structures of the 2015 Budget.

All I would like to say about the 2015 Budget is that this is the first time in the history of this country that policies have been interpreted into budgeting. I can freely say this is my 2 years in Parliament now, going 28 or 30 next time or more than that if the good Lord gives me further strength to do so. But this is 35 years on

since this country got its independence from Great Britain and we budgeted for the country on businesses as usual. For all those years that have gone past in our memories, it is like us giving a kitchen knife to our people to make a garden. This is the time that we are going to give them bush knives to do it a little bit better. If that message is not yet clear, then nothing much can convince us to treat our people the way we would like them to advance in development.

We have many pressures coming from many directions to the government. We have the MDGs to achieve. This is the final year of that international global agenda, and our achievement rate is nothing to be proud of. The strongest message we would like to say to our donor partners is to put their money where their mouth is, and I think this message has been given to them in no uncertain terms. I can see that there are certain donor bodies that are coming around now to ask the DCC Government where the government wishes them to participate in. We also tell donor partners that if they want to put their money into Solomon Islands, then they have to put them into the consolidation fund. We cannot run this country if money is in the hands of a proxy.

Fundamentally, the government institution emanates from the constitution of Solomon Islands, the Independence Order of 1978 that there will be a central government, the three arms of the state - the legislature, the judiciary and the executive. In terms of the executive, as prescribed by the Constitution, there will be a central government with a number of prescribed ministries. We have 24 ministries, nine provinces and 50 constituencies. By the merit of the same constitution, there should be three-tier governments existing in Solomon Islands. Sometime ago, the third tier government did not exist - the area councils. In place of that, we have only Member of Parliaments occupying that vacancy.

The common allegation and criticism coming from outside criticizing Members of Parliament as handling so much money in the third tier vacancy, some people have to think twice, some people have to justify that. How can we possibly implement rural policy in the absence of a third tier government? I fully believe that

giving third tier resources into the hands of Members of Parliament who looks after the constituency is fully justifiable. That is one particular allegation. I am talking to outside people now, and there are many others in other circles in this country who heavily criticize Members of Parliament for handling so much money, blaming them to be not very accountable, corrupt, and these sorts of allegations.

In the same manner we have been budgeting for so many years, 35 years on, to govern institutions, 24 ministries, nine provinces and 50 constituencies. But there is also another government governing the country that is different from governing institutions that emanate from the Constitution. That government comprises 85 percent of our people in the country. That constituency is very important to budget for. And for the first time ever an amount of \$333 million has been budgeted for our people in the rural areas. Our need to live in better housing, they need better lightings, they need better transportation, they need better water supplies and better sanitation facilities. We cannot drip feed them forever.

Coming back to the aspect of capacity, yes, I do agree to a certain extent. But the rural people have been building their own schools. They did not contract these to builders. Their secondary schools, all the schools in our rural sector are built by the people themselves. So what capacity are they talking about? We are not asking the public servants in the 24 ministries here to go down and build the schools. No, the people are building it themselves. They are building their houses themselves. They have been doing that for donkey years. They make their own gardens. All that they are asking now is to give them the right tools and they can develop themselves. Capacity, yes and no! We are capacitating our people to do it for themselves. Governing a country, I think we must budget for the country now, much more than what we used to do for many, many years, budgeting for the institutions.

Coming back to the definition of our policy, the DCC Government has left none out. People planned our policies, we are all architects of the DCC Government policy, and we philosophize our policy to run on two parallel reform programs. The fundamental reforms, which has to do with the people of this country, our customs,

our culture, our ownership of resources and land to try and organize Solomon Islands to become more inclusive to be able to share their land with other people. This country was never meant to be a country before the British came. We all know that very well. We are hundreds of countries living in the same archipelago until the British came and formed a protectorate, bring law and order, killed some customs and established religion so we became a nation under the same constitution.

Coming back to the two parallel reform programs; the fundamental reform programs and the sector reform programs, they are complementary to each other. Fundamental reforms, as I mentioned, have to do with us. Diversity, we are trying to harness diversity so that diversity can become more inclusive. Unity in diversity is so much presumptuous. There are so many assumptions. If we are going to harness diversity, we have to make sure we work towards a more inclusive country rather than a very highly exclusive country.

There are people who are saying we are not putting enough money and resources into fundamental reforms. Fundamental reforms are very important in the sense that there is one very important thing we must add to fundamental reforms called legitimacy. The whole country must say amen. That is the way we want to go. Land reform, constitutional reform; the federal review and reform constitution has been going on and this is its seventh year, going eighth now because the people must fully add their legitimacy to it, and the longer the better. If you put wine in a bottle for many, many years, it gets better and better every year. We need to work on fundamental reforms, they are long term, they are expensive and they will require a lot of resources. But we have to start now and the little bit we commit to fundamental reforms is a step forward because we have never done that before, we have never gone that path before. The political office of the Prime Minister is a summarized version of the national bureau for social and economic reforms. It is a policy lab for fundamental reforms. We have to test the ideas, we have to canvass them - it is a policy lab. The fact that we are going to strengthen this policy lab is justified in making sure we tread on holy grounds with care and consideration.

Everybody in this country must say yes to fundamental reforms, every our customary land reform system. Custom is legitimate, it is legal - our very own constitution says that. But an idea came along and says, 'no, you have to acquire customary land first before it becomes legal. No, no, no! DCC does not believe that. We want to institutionalize and formalize customs where they are. These are the ideas we have to test in our implementation of the fundamental reforms.

On sector reforms, I can only describe DCCG's move as a big political will, exercising a big political will. Getting money out of the cash reserve is exercise of a political will. Giving a break to debt servicing is a political will. We stand against much opposition in doing that, but when are we going to exercise political will to make sure that we make a difference? If we keep on drip feeding this country for many more years to come, we will still be 10 years behind our Pacific Island neighbors. It is not a game of competition. I am not saying that but we are a late starter in many things. For example, tourism, Fiji, Tonga, Samoa and Vanuatu have all gone before us. There are about hundreds of cruise boats going to Port Vila every year or probably every month or something like that. We celebrated only one or two or three or four every year. We are only three hours from the continent of Australia and these other Pacific island countries like Tahiti are faraway. But they have gone 50 years ahead of us in tourism. But diversity can be an attraction, we are a rainbow country but it can become a liability and that is why fundamental reforms are very important. We want to work towards making Solomon Islands diversity into a more inclusive country.

The Rural development policy is an idea put together by everyone in Caucus and Cabinet. I happened to be one of those people who advocate exercising a very strong political will to give financial resources and equipment into the hands of our people in the rural areas. So it is rightly so to be called the people's budget. Whatever budget has been called the people's budget is not the people's budget. This is the real people's budget. If \$333 million is divided into 50 constituencies and it will come to \$6.66 million. We also increase the rural constituency development

fund (RCDF) by another \$400,000 so your accountable money, the RCDF is now increased to \$1.4million. We tried to bridge some gap in between the two or three trances. Disaster time is in the middle, between the first and second payments. We have put in another \$200,000 for each Member of Parliament and between the second and the third another \$200,000. This will make you a lot more functional and will not make you have unnecessary high blood pressures.

I think the practical side of implementing this budget, of course, it is non cash which means you have to buy equipment, tools and materials. I think we can do that within eight months, we can purchase everything and allow the people at home implement their own development projects. It is also for the first time that it is just not money that we are spilling out to rural people but for the first time it is given in a much more structured manner that each of us will have to work on a development centre that must be established in each of our constituencies. It is not mandatory but where you can put your centre, and it is the people's centre, unlike the economic growth centres, this one is owned by the people of the constituency. So the centre becomes their hub, it becomes their reporting place, and put up a rest house, if you like too, put a little service wharf, you can put some wholesale shop next to a big wholesale depot of fuel. It depends on what your difficult is in the area you are living in. So it is building infrastructure, building a sensible way to launch your economic livelihood for your people, organizing your people into associations in their livelihood areas, providing efficient transportation, communications. We are still going ahead, and the undersea cable will come, I do not know which one but will settle on one. All these things will be connected to the Ministry of Commerce and Industries in the future.

My little contribution here is very structural. I am trying to justify why we are giving so much money to the rural areas this time. We are not expecting the whole of Public Service to go down and implement things for our people, but they will do it themselves. The people will dig their water supply pipes. They will dig their own sanitation projects. All they need is cement, some materials for setting up

of these things. Delivery boats are still going. My boat leaves Honiara and will go direct to Rendova to drop off materials and will also go to the lagoon in South New Georgia. The same goes for the Member for Kia/Havulei and the Member for North Malaita. A ship is coming, my good people at home. Just make sure you organize yourselves; and I am speaking to you people at home right now.

Public servants who are working Auki, whether you are an agriculture person, a water supply personnel, go and help the 14 MPs of Malaita over there. Gizo too, you have to wake up, Choiseul Bay, Makira, you all have to get up because you are the people we need the most and not the public servants in Honiara. Not so, they are well catered for, they have work to do in their offices, you are the extension officers. The fisheries people are there, agriculture people, the medical people come and help our people to design their clinics because materials are going to come. That is all we could do in eight months but it will be efficient. The requisition is raised, cheques goes to supplier, you collect your materials and if you have a warehouse you can stock it but if you do not have a warehouse then there is provision for freighting even available with this fund. I think I am saying everything to you now. What I am saying are the words out of the Minister of Finance. But that is really what it is. Fundamentally, when it comes down to practical implementation, let us do not mislead ourselves because the people will do it themselves. They only need some support so we, Members of Parliament must go down. But make sure Ministers do not all together go down at the same time, in case our ministries do not have work to do, but everybody will be happy to work.

By the end of this term, people will have better housing, better sanitation. We will at least achieve our millennium development goals, the global agenda. Some people will try to help people when level sea rise destroys our artificial islands in North Malaita, Lau/Mbaelelea, at least they can do some things. Outboard motors should be distributed here and there for people to go fishing, transporting timbers, building materials such as bush materials and we will all be fine.

The aspect of accountability, like what the Chairman of PAC said is a challenge to every one of us. You are now required to employ a qualified accountant and a constituency project officer all paid for by the Government so that our papers, reporting, receipting and invoicing are in order so that we can give an accountable account back to the Government.

Those are the few things I would like to say. I do not have a written speech but just to clarify to us what we are trying to do in the budget. Oil prices are going down, risks are there and there are risks everywhere. Next year we will put some more money into the budget for debt servicing and next year we will put a little back into our cash reserves. But so far we feel that it is comfortable enough for us to get some of this money out to our constituencies so that our people are happy. Next year, I do not know, but the focus of the budget will increase the same way it increased this year or maybe torn down a bit. I am not sure. But it will depend on how we implement this first stage.

On creation of employment, how much these funds will create employment, and maybe we are talking about employment that will be paid on fortnightly basis. But we are talking about indirect employment. We are going to get 50percent or 60percent of our people who are going to be involved in employment. People get employed by involving themselves in their business and livelihood activities. We cannot fully quantify employment at the moment but I can tell you that they will be employment created in the rural areas.

With those consolation remarks I would like to fully support the DCC Government, its policies and the Minister for Finance and Treasury. You do not know where the hell the Minister of Finance & Treasury has gone through in the last five or six weeks; arguing everyday with aid donors because they are all have the same mindset. How things have become made him become very unpopular with some of his staffs at this time. And for consecutive ministers of finance, he had been on grounds where no angel dares to tread. We are exercising a very strong, may be an unpopular political will. But we are doing it for the benefit of governing this

country much more than governing the institutions. Our fundamental reforms are fully justified and they will be long term. Now, you do not see much in its budget because they are long term. We want the next government to continue with the same.

In my own ministry, we are trying to improvise or work on a planning legislation so that when a new government comes in, it can proceed on where we left instead of starting new things all over again. It is a roll over planning legislation; five-years planning. Our Parliament is only four years, but this gives a sense of continuity so that the next rollover year if a new government takes over, there will be consistency in implementation and developing our country to become a better country, an inclusive country, economically successful and socially inclusive and respect in our communities.

I am only laying down some foundation for some more speakers to come on. We would like those on the other side of the House to work with the Government on this very good policy so that we can all facilitate developments for our people in the villages and communities in the rural areas.

With these few remarks, I wish also to thank our aid donors. Regardless of the hard talks we have had in the past couple of months (friendly fire), but we have come to some understanding now and we hope that people are going to put their money where the global agenda is. In fact, we shifted out about \$70million from one ministry. That ministry has been using that \$70million for admin work, but this is aid money. The people who are supposed to be supporting the MDGs are putting money into admin work and so we have to tell them to put it in the budget and you will see sanitation taking place. So we did that but we have to stand our ground by putting our feet down, through consultations and not a one-way traffic. We managed to do that. That money will now go into another \$400,000 for rural development and that gives you \$7million altogether, maybe it may even go up to \$8million with all the other ministerial grants still in existence, such as agriculture, fisheries, education, health and so forth.

It also depends on us at this time. Do your constituency development plans. I will bring a very short cabinet paper to exempt the requirement for you to submit to the Ministry of Planning. It is a waste of time. Just put it directly to the Ministry of Rural Development and let us facilitate it. I know you will be doing your planning with good intentions, justified intentions. The same accountability and the same transparency is available. All the processes of making acquittals are all there because if you do not make any acquittals you will not get any funds. So that is a requirement. But there were times when Members were given funds too without making any acquittals. So who is he talking to?

With those few remarks, I hope I talk sense. If I do not, then please forgive me. Thank you and I support the Bill.

Sitting suspended at 12.31pm for lunch break

Sitting resumed at 2.10pm

Hon DAVID DAY PACHA (*Minister for National Unity, Reconciliation & Peace*): Mr Speaker, since you did not give me the opportunity to contribute to the debate on the Speech from the Throne, I would like to use this opportunity to contribute briefly to the Speech. I thank His Excellency, Sir Frank Ofagioro Kabui, Governor General of Solomon Islands for delivering the Speech from the Throne on Tuesday 24th March 2015 in this Chamber. I thank the Honourable Prime Minister for allowing time for us to offer thanks to the Speech from the Throne which has been addressed by His Excellency to Parliament.

I was very encouraged to hear His Excellency spoke about national unity, and I quote: *"We are all one people, one nation"*. One morning I was the first one to arrive here, and while waiting for our meeting to start, I played from my mobile phone and listened to one of Lucky Dube's song entitled *"Different Colour, One People"*. I am more than convinced of what the Bible records in Genesis 1:27 which says, "So God

created man in His own image”, full stop. It does not say God created man from Makira, Temotu, Small Malaita, India, Germany or Ethiopia. No, He created man in His own image and therefore we are all His image. So you are all made in God’s image.

The Prime Minister during his presentation when moving that motion highlighted that our unity has been tested during the ethnic tension. However, this country still remains- one Solomon Islands. When unity and peace are absent, this country almost collapsed. The four main causes of conflict prevailing in the Pacific including Solomon Islands are first, land dispute, second ethnicity, third economic disparities and fourth is lack of good governance. If you look around the country today you can see that the above factors or the combination of them prevail in our various conflicts.

World leaders in both politics and religious leaders are also calling for peace today. If you happen to listen to Pope Francis’ Easter Message, you will hear his appeal calling for peace. The pope wishes the peace process between Israel and Palestine resumes. He also hopes for peace in Ukraine and healing for those who suffer. He asked for peace from the drug dealers and corrupt officials who collaborate with them and arm dealers. That is what the pope has been saying and so he is searching for peace and people are searching for peace too.

When there is peace in the family there will be peace in the home. When there is peace in the home there will be peace in the village. When there is peace in the village there will be peace in the community. When there is peace in community there will be peace in town. When there is peace in town there will be peace in cities and provinces. When there is peace in the cities then there will be peace in the country. And when there is peace in the country there will be peace in the whole world. On behalf of my people of South Guadalcanal also known as the Weather Coast, I would like to once again thank His Excellency for the Speech from the Throne which clearly summarizes the DCC Government policies, directions and objectives.

Now, come with me to the 2015 Budget. I wish to join my other colleague members to sincerely thank my colleague Minister for Finance & Treasury and the Minister for Developmental Planning and Aid coordination and the Permanent Secretaries and staffs of the ministries that are responsible of putting this budget together. Congratulations, Ministers. Budget preparation is a difficult processes in the phase of competing priorities for our limited financial resources. I am confident that our Government, this Government has done well in putting together the 2015 Budget for \$4.1 billion for the delivery of services to the aspirations of our people.

In the 2015 Budget, my ministry, the Ministry of National Unity, Reconciliation & Peace is allocated a sum of \$18,004,342million in recurrent and \$10,740,000million in development programs, giving my ministry a total sum of around \$28,744,342.00 to carry out the assigned policy objectives of DCC in my ministry. The sum allocated in 2015 represents an increase of 80.6percent of the Ministry's 2014 Budget under the former NCRA Government.

Solomon Islands is still a post conflict country. Our peace and security remains fragile but we are determined to learn from our past upheavals and failures as we reconcile our immediate past and strive to rebuild a more united, peaceful and prosperous Solomon Islands. This requires the Government to look into the future and build on long-term reforms proposed in this budget. At this juncture, may I take this opportunity to highlight some of the programs my ministry will be engaging in during the remaining months of this fiscal year.

The first is reconciliation. As alluded to in the Governor General's Speech from the Throne, major reconciliation program will continue. However, I want to make it quite clear that reconciliation is an end product. There is much more work to be done prior to any reconciliation in order for it to be accepted, meaningful and sustainable. This is where much resource are needed to prepare the subjects to be reconciled and rehabilitated. Rehabilitation is an essential element of reconciliation without which reconciliation is deemed to be incomplete. It is therefore crucial to quickly rehabilitate the subjects where necessary to be able to return to normal lives

after reconciliation programs are achieved. Major reconciliations that are yet to be accomplished are Guadalcanal Province with Marau people, Guadalcanal Province with Malaita Province and Guadalcanal Province with the Solomon Islands government. Also, the Ministry is currently in the process of holding talks with the interim government of Bougainville on the spillover effects of the Bougainville crisis into Choiseul and Western provinces.

The other one is to recognize, strengthen and empower traditional governance system and structure. This is an area my ministry will liaise closely with the Ministry of Provincial Government & Institutional Strengthening, the Ministry of Home Affairs, the provinces and other stakeholders to work on a legislation that will properly establish and progress this program. This is a very important program that will among other outcomes; once again re-establish the linkage between communities and the formal government which have been severed by the termination of the area council system from the colonial era. The chiefs and traditional leaders' capacity in maintaining peace and unity in communities need to be recognised by the government and other stakeholders. The need to empower them by legislation is recognised by the government and my ministry will be working on this matter.

An advantage of the traditional governance system or community structure is that it makes the way for the proposed federal governance system to be embedded in communities by organising the traditional governance system as the first year of government for the communities. This will be easy to dovetail the proposed three layers of the federal system of governance. In terms of long term peace and unity, traditional governance is the key to foster peace and harmony. The chiefs and traditional leaders are at the frontline to deal with issues affecting their tribes, communities and tribal members. Matters of custom such as compensation can be resolved within a short period of time according to accepted custom practices in communities, thus relieving government from the expensive process of negotiation and paying huge sums in compensations.

Another one is protection and preserving the diversity of our organic tradition and culture in Solomon Islands. My ministry is currently researching into existing and/or proposed legislation from other social line ministries, especially the Ministry of Culture and Tourism and Home Affairs to establish the possibility of whether or not any such relevant existing legislation may be able to facilitate this mandate by way of amendments or MNURP buying into the proposal and co host the bill. Consultations will soon be established with the relevant ministries. This option is being researched because of the huge expense expected of drawing up of a new bill. However, should circumstances dictate otherwise, the Ministry will certainly embark on drawing up a new bill to this effect.

Redesign the Solomon Islands Court of Arms, to reflect culture, identity and sensitivity. The nation's Court of Arms has been outdated by events and requires to be updated to reflect our nation as it is today. Besides being outdated, it is also seen in some quarters of our society as being confrontational, aggressive and insensitive. When we look closely at our national Court of Arms, we can observe the following: and you can see from over there the coat of arms. If you look at the summit of the Coat of Arms, at the top there is the bright sun resting on a Solomon Islands war canoe, the war canoe in turn rests on a blue and silver white crest, below is a helmet and a mantle with a red visor, opening to the helmet; that red part there is helmet opening. I think it represents the police. The central crest consists of two diagonal bands of green, each of which contains the double headed arrow, coming in an x-shape, which is split by a Melanesian dancing shield fronting a bow and arrow. The background in the yellow is split in four by the abovementioned band and contains in the left and right segment a turtle. (I am trying to describe to you what is over there, in case no one understands this things. I am nearly finished because that is the only job the Government is asking me to do). Above this, is a deep band in blue, containing a sun forth sea eagle resting on a band which has a frigate bird on each side of it. That is on the blue. On the left hand side is the crocodile and on the opposite side, the right hand, called the sinister side is a shark. Below this is a

double headed frigate bird of traditional artistic design of Solomon Islands on which rests the motto 'To lead is to serve' on a banner scroll of yellow gold and rare red.

The meaning of this Coat of Arm is this: the four quarters in yellow are the four districts of Malaita, Western, Central and Eastern; that is four yellow part of it. The blue, the sun fort sea eagle is the district of Malaita and the frigate birds are for the eastern district and the turtles are for the Western district. The dancing shield with arrows and bow and shield are for the Central district. On the left side represents the diverse cultural skills in apt of all forms of resilience that is obvious in all cultures in Solomon Islands that enables and ensures survival in times of difficulties and disaster. This is represented by the crocodile. The right hand side represents our past history of being head hunters, being aggressive, war like, seeking and destroying the prey, threatening, intimidating and so forth. This is represented by the shark. The war canoe at the top is multi representational, and it represents unity because the way a war canoe is constructed is not like the way a normal canoe is constructed, the outrigger one. War canoe is not made of one wood but it is made of different types of woods. Different types of trees are cut down, shaped up and knitted or stitched together. It is sewn up with a special rope from the bush. In terms of mobility, these are the only means of transportation across the inter islands, and for the defense of tribal property and people.

In the process of reviewing this important emblem of our country, the ministry will liaise with all other relevant ministries, organizations, stakeholders and the public in the form of consultation and a referendum, if necessary, to ensure that views of the majority are heard on this matter.

The Truth and Reconciliation Commission Report is one of the issues that has been delayed for a long time and the public at large have made various calls through their representatives and organisations for the release of this important report. Whilst it has been released unofficially in the social media and being unceremoniously rushed into Parliament at the dying moments of the NCRA Government, it is yet to be accorded the official protocol it deserves. It is the intent

of this Government to do that in this Honourable House. My ministry is aware of the fact that the implementation of the recommendations of the report will be coordinated, supervised and monitored by the Office of the Prime Minister through a special committee. However, my ministry will be working closely with the Office of the Prime Minister in the implementation of the recommendations.

Since the establishment of the DCCG, a shift to a more direct program of rehabilitation that will directly benefit victims of the civil unrest is being planned. The ministry has been given the mandate to proceed with this objective and will commence after the passage of the 2015 Budget. The program will commence with establishing peace centres, starting with areas most affected by the civil unrest. These centres will be used by communities as resource centres where nominated members of the community will meet to identify and record families, individuals and community rehabilitation requirements.

While the ministry is engaged in this task, other rehabilitation projects will also be looked at in liaison with several other ministries such as the Ministry of Infrastructure, Ministry of Health, Ministry of Agriculture, Ministry of Women and Youth, Ministry of Education and so forth. Rehabilitation will be a huge and expensive program, but we have to start somewhere and the sooner we do that the better. The people in our country who are badly affected not by the effects of the ethnic tension alone but also of natural causes, such as flooding, tsunami, cyclone and so forth, need this rehabilitation program. This is for the sake of development, peace and unity for our beloved nation Solomon Islands.

The DCCG has set the pace. The ministry is keen to take it forward with the assistance and support from all sectors of the country. Together we can do it. Thank you and I support the Budget.

Hon DEREK SIKUA (*Minister for Education and Human Resources Development*): I would like to first of all thank the Honourable Minister for Finance and Treasury and Member for Marovo for moving this motion after delivering his Budget Speech

Thursday 2nd April 2015. I would also like to congratulate the Minister on the very clear, the confident and passionate manner in which he delivered the Budget Speech, which is a very good sign.

In contributing to the debate, I am mindful of Standing Order 61(2), which confines our debate to the financial and economic state of our country as well as the general principles of government policies and the administrative intentions of the government as indicated in the Bill and the Estimates. I would also like to thank the Permanent Secretary and staffs of the Ministry of Finance and Treasury for all the efforts and hard work they have expended in putting together and formulating the 2015 Budget. Those of us who have spent years working in senior levels of government know that this is not an easy task to do. Hence, I also would like to thank the PS and staffs of my Ministry as well as the Permanent Secretaries and staffs of other government ministries for their efforts and hard work in putting together their ministerial budgets for 2015.

Let me also thank the Chairman and Members of the Public Accounts Committee for the very good work they have done in interrogating and scrutinizing the budget by calling the PSs, senior management staffs and advisors from all government ministries as well as other people from SOEs and NGOs to come and appear as witnesses before the Committee. I have listened to most of the sessions over the national broadcaster, SIBC and on this vein, I also wish to thank the management and staffs of the SIBC for enabling that to happen which gives our people the first opportunity to hear from the people who are in charge of their money, and how and where the money is going to be spent. I also wish to thank your good self, the Clerk and staffs of the National Parliament for the role you have played in ensuring the tabling of the 2015 Budget on the floor of this Honourable House.

The release of the PAC Report on the 2015 Appropriation Bill 2015 has been delayed but given the thorough work the Committee has done over what was really a time when most PAC members would like to go to Church or have a rest during

Easter, I cannot really cannot blame the Committee for the late availability of the Committee report. Perhaps, some of the hiccups in having our financial year running from the 12 months ending on the 31st December in any year as specified in section 109 of our Constitution needs to be looked at because the same section goes on to say “Or on such other date as may from time to time be prescribed by Parliament”. That opportunity is given to us under our Constitution to try and overcome some of the difficulties we always face when passing the budget towards the end or the beginning of the year. That said, I thank the Committee for the report. I have seen that it has taken quite a different format from what we were used to in previous years, and I think it is good. It looks at all the ministries outlining all the mission statements, the key goals, the recurrent budget and then it goes on to look at the development budget of each ministries and raised issues of concern before making specific recommendations of a particular Ministry. I just want the committee to note that under my ministry on page 18, I think that development budget is the Ministry of Health. That is the copy I have. It is not the development budget of the Ministry of Education, it is the same as the development budget of the Ministry of Health on page 30. Nonetheless, I thank the Committee for a very comprehensive report and I would like to assure the Public Accounts Committee that my Ministry has taken note of the two very important recommendations that is asking my ministry to look into.

As you know, this Budget is being put together following the launch of two important DCC Government documents early this year namely - the Policy Statement document and the Policy Strategy and the Translation Document. As we all know, these two documents contain the DCC Government’s policy priorities for the next four years accompanied by a matrix detailing how these priority policies are going to be translated into very substantive development programs.

In the Minister’s Budget Speech, he mainly kept to the format and content of these two important DCC Government documents, hence I agree with the Minister for Finance and Treasury that this Budget is one fundamental instrument of

government policy in achieving our objectives. And it is indeed a very important step, both in the way it is presented and in the decisions and priorities it reflects.

The good Minister for Finance also stated in his Speech that the Budget aims to get adequate resources to the ministries and agencies of government to deliver goods and services to our people and thus achieve our policy objectives. I am happy and reassured that the required resources will become available. The Chairman of the Public Accounts Committee earlier today mentioned the additional provisions set out in clauses 4, 5 and 6 of the Bill, mainly through short term discount securities, government borrowing and debt servicing account.

I also found out sourcing money from those areas as new because in the past certainly during my first term in Parliament, we always rely on contingencies warrant both in the heads of Recurrent and Development Expenditures as 2.50 set out in clause 8 of the Bill. Then in the last four years, advance warrants come in, and it is something that is causing some concern during that time. Advance warrant is featured in clause 7 of the Bill. In discussions that have been going on in the formulation of this Budget, I am very confident that despite of the concerns raised by the Chair of the Public Accounts Committee that the resources that have been made available through those sources is going to boost the money that is made available to run government programs. All these are provided for in accordance with the relevant provisions of the Public Financial Management Act 2013. Therefore, I am envisaging that the Government's hands will not be restricted or tied in implementing its policy objectives. Just like the common phrase "man talem duim" (the one who says it do it) we have to really do it.

I know by the time the budget is passed, we will only have eight months of the year left to implement our policies and the budget, but let us all work hard and commit ourselves to the tasks we have set ourselves to achieve. Just to be mindful that we must not rush and go on a spending spree that will find us achieving very little in the end! It is the government's responsibility to remove any unnecessary obstacles or processes that are likely to delay implementation of the Budget. Having

said that, I am happy to hear the Minister for National Planning & Aid Coordination mentioned the removal of some of these barriers and obstacles that are likely to delay implementation. But that is the job of the government. It is our role to make sure that we move forward without any hiccups.

In the Minister's Speech, he outlined the 2015 budget outlook of the country by elaborating on economic growth, the GDP and inflation. All I want to say here is that the Minister's observations on these areas are accurate and urge that we must focus our energy on areas that forecasts recovery and strong growth such as in informal agriculture, manufacturing production and business investment, particularly in the construction sector so that we grow the economy and create more employment opportunities for our people.

On the Government's reform agenda, I am very happy to see that budget allocations are made to reflect the parallel reforms of the Government namely the fundamental reforms, and sectoral reforms.^{2.55} Some of my colleague ministers who have spoken already on their ministries' budget and I am sure those who have not yet spoken will mention their particular reforms during their interventions, but I am fully supportive of the Government's focus and commitment towards the completion of the constitution reform work on the federal constitution during its tenure. Also, the political reforms that aim to review the Political Parties Integrity Act and as well as the work that is going to be undertaken on land reform. These are highly commendable and desirable. And so too are the other major initiatives that have been outlined by the Minister in his Budget Speech on pages 20 to 22.

Before I go on to talk about the important work and the policy initiatives under my Ministry, I want to talk about roads and in particular roads in my constituency of North East Guadalcanal, especially the main road from Berande to Ruavatu and the feeder roads around my constituency. All the roads in my constituency are now in very appalling states and they have been in those states for the last four years! Despite of this, I am very glad to see under the Ministry of

Infrastructure Development Rural Transport Infrastructure and National Transport Programs, substantial funds have been allocated to maintain and improve all roads and feeder roads, not only in North East Guadalcanal but throughout the country. This is very good.

I am even more pleased to say that the main road and the feeder roads includes those in my constituency, and I hope that all these roads are out on tender for work to begin as soon as the budget is passed. I once thank my good friend, the Minister for Finance as well as the Minister for Infrastructure Development and the Honourable Prime Minister for recognizing and prioritizing this great need of not only the people North East Guadalcanal but everyone in the country that need roads.

In our case, the quick gains that can be had in terms of creating employment opportunities and growing the economy are all there due to the potential expansion of our palm oil industry through either plantation or out-growers scheme, the increase and the expansion of the palm oil industry rests entirely on the immediate maintenance and rehabilitations of these roads. The thing about us is that we do not need to find an investor because the investor is already there with us. Just improve and rehabilitate the road and the flow on spin-offs will come.

The extension of the main road in East Guadalcanal must continue from Ruavatu to Aola, and then from Longu to Marau and beyond. I only hope this can happen immediately as well for the very same reasons. The potential 3.00 combined acreage of new palm oil development in three of the constituencies I mentioned, which are North East, East Central and East Guadalcanal would be approximately about 16,000 hectares, whether they are plantations or an out grower scheme. This triples the size of the existing GPPOL plantations that we have in North and North East Guadalcanal at the moment. Furthermore, this will create anywhere from 3-6thousand new jobs and numerous other spin off benefits for all our people.

Do not get me wrong because when I am talking about oil palm, I am also very, very supportive of the oil palm development initiatives under the DCC Government programs in *Waisis* and Auluta in Malaita province and anywhere else that we would want to plant oil palm, perhaps in Yadina in the Central province and also in Vangunu in the Western province. I am also very supportive of those.

On health, I would like to thank the government through the Ministry of Health and Medical Services (MHMS) for taking on board two clinics in my constituency which is near completion and I thank the good Minister for Health for that. I think my other colleagues have spoken on the relocation of the National Referral Hospital (NRH) as a priority of the Government. I am hearing what the Leader of Opposition is saying but this is a priority of the Government and as we look to relocate the NRH, I hope we can also include the best facility for our children; a state of the art children's hospital is what I am talking about here. Right now, far too many of our children are dying at our NRH and in our provincial hospitals and clinics from preventable, curable and treatable diseases. We need to look at our children, women and the vulnerable people in our society, and I hope the move to relocate the NRH will also cater for the needs of our children.

From this point I will now focus on my ministry, which is the Ministry of Education and Human Resources Development (MEHRD) in the 2015 Budget Estimates. In particular I will dwell on the business strategy of my ministry as well as the 2015 Budget Estimates and key activity areas that is expected to deliver results in the strategic areas of access, quality and efficient management of resources.

The MEHRD continues to embrace and pursue its vision for education in Solomon Islands. That is to ensure all Solomon Islanders will develop as individuals and possess knowledge, skills and attributes needed to earn a living and to live in harmony with others and their environment. We envisage a united and progressive society in which all can live in peace and harmony with fair and equitable opportunities for a better life. We envisioned an **3.05** education and training system that is responsive to its clients and efficiently managed by its stakeholders.

This mission statement underpins the objectives, strategies and activities that have been implemented in the education sector in past years. This year, 2015, marks the final year of the current National Education Action Plan 2013 to 2015. In 2015, the implementation plan continues to reflect strategies and activities that produce outputs focusing on the three main goals of education that my ministry has set, which are improve access to education to all citizens at all levels of our education system; improve quality of education; and improve management of resources that are made available at national, education authorities and school levels. These are the overarching goals which are aligned to the key sectors including early childhood education, primary, secondary, tertiary and technical/vocational education and training. Through the sector wide approach to reforming the education sector, my ministry continues to organize and implement an organisational structure in 2015 to achieve the desired outputs.

I now wish to provide an overview of my ministry's 2015 budget. As you know, my ministry has the biggest slice of the cake. The total budget for 2015 is estimated at \$956.9million. The total budget excludes non appropriated funds from donors. The total recurrent budget is \$752.7million, of which \$361.6million is accounted for payroll and \$391million for other charges. The total education sector budget provided by our development partners, which are the governments of Australian and New Zealand for 2015 is SBD\$122.2million plus a total of \$82million under the development budget.

The payroll estimate continues to be one of the high ticket items in the 2015 Budget, where there is an overall increase of 3% as noted from \$352.5million in 2014 to \$361.6million this year. Of the total payroll activities, \$340million will fund teachers' salaries for 2015 and a further \$31.4million will fund other MEHRD public officers' payroll.

Managing the payroll budget is critical for the ministry to avoid potential risks of budget overrun in the third and fourth quarters of the year. Given these risks, a contingency fund has been allocated to cater for teachers' demand for

housing allowances and end of year travel expenses. 3.10 The total recurrent estimates for other charges is \$513.2 million which is mostly the operational budget available to implement key policy priorities in 2015.

The National Scholarship Program accounts for 33% of the total recurrent budget, which is equivalent \$172.4million. Furthermore, of the total recurrent budget, 28% is directly allocated to the outputs in the National Education Action Plan 2015 that directly impact on increasing access to education, improving the quality of teaching and learning in the country and improve the management of resources allocated to the ministry to produce the targeted outputs.

The development budget accounted for 18.5% of the total budget which is equivalent to \$82million. I am happy to say that 73% of the development budget will directly fund ongoing development of the Solomon Islands National University (SINU). The remaining allocation of 26% will fund the Education Infrastructure project which includes the establishment of the fourth USP Campus at NDoma and the Institute of Marine Resources.

On the key areas of spending under the National Education Action Plan 2015, the education infrastructure project is allocated \$63.3million to fund repairs and maintenance work in schools and improvement of school infrastructure. The funding includes support to current policies under the Democratic Coalition for Change Government. The Education Infrastructure program accounts for 47% of the National Education Action Plan in 2015. These key outputs under infrastructure include review of infrastructure policy, new asset management database, specialized classrooms for practical oriented subjects, Temotu rehabilitation, Honiara libraries, Aligegeo, and Garanga National Secondary School and other school infrastructures.

The key activities in 2015 that my Ministry will implement include the improvement of systems and additional well-qualified teachers who are required to plan, manage and monitor proposed infrastructure development for Early Childhood Education, Primary Education, Secondary Education and TVET. The school leadership program which commenced in 2014 will continue this year and

targets head teachers and school principals. The aim of the program is to up-skill head teachers and school principals so that they can champion school improvement programs at their respective schools.

This year, my Ministry will commence the reform of teacher workforce management. This project aims to achieve improved systems for managing correct allocation of teachers to schools, accurate payroll data so that teachers are paid their correct salary on time, improved Education Authority processes for recruitment, appraisal and teacher discipline, better control of their salaries budget, a more user-friendly Teaching Services Handbook and more accurate predictions of teacher demand and supply requirements.

Also, several activities have been identified to support the Education Authorities review and strengthen their roles and responsibilities. The intention of the MEHRD is to effect a decentralisation process which will enable all Education Authorities to improve their monitoring and evaluation of schools, as well as improve their strategy to develop plans and budgets with the resources allocated so that they can undertake these duties, improve support and accountability systems, incentives for good performance.

The support to all Education Authorities will be a key focus area. I wish to highlight initiatives that I have instructed my Ministry to give priority to. These are:

- An assessment of current education authority, especially with the subsequent development of activities to improve education authority performance;
- Support from the Ministry to help education authorities develop provincial education action plans that have reliable funding so they can be achieved with provincial and church education authorities working together;
- A review of the Education Authority Grants Policy 2008;
- Opportunities to provide incentives to education authorities that are performing well;

- Service agreements between the Ministry and individual education authorities that specify activities that the education authority will deliver, the standards required and the funding that will be provided;
- Additional staffs for education authorities so they can undertake additional responsibilities;
- Clear links between national and provincial education planning; and
- Reallocation of staffing at the Ministry, so greater attention is given to helping education authorities to be successful.

The ongoing curriculum development reform program that my Ministry is undertaking is looking at the production and supply of adequate numbers of teaching and learning materials. This is an ongoing program and the ministry hopes in introducing these assessments tools to assess students learning and how best information is derived from assessment, we could make decisions on how student learning outcomes are derived. The development of Early Childhood Education is a priority policy within my Ministry and we will continue to look at making sure there is emphasis on school readiness in the new curriculum for early childhood education.

Another important activity that my Ministry will commence this year is the Information and Communication Technology for Better Education Services project funded under the Asian Development Bank (ADB). This is in recognition of the fact that ICT can make an important contribution to national development and that the Government attaches priority to ICT development in the education sector.

Work on reviewing the Education Act 1978 has been ongoing since 2013. Drafting of the education legislation has been completed and ready to be tabled in Parliament later this year. In the meantime, a final consultation process is being pursued to make sure that our key education stakeholders and others are aware of the contents of the revised education legislation. The revised education legislation makes our education system complete, as it now has the provision for general

education as well as TVET and higher education. The revised legislation when implemented will redirect the way in which our education system will be developed in the years ahead.

In the preparation for the passing of the education legislation in Parliament, my Ministry is now working to establish a tertiary education division under its restructure project this year as well as to establish the Tertiary Education Commission and the Solomon Islands Qualifications Authority. The ministry aims to establish the Solomon Islands Tertiary Education Commission (SITEC) in order to achieve improved policy and procedures for managing funding of the tertiary education sector, which includes TVET and improved management of scholarships with awards based on labour market demands. The SITEC will be the authority that will oversee the development of tertiary education in the country. It would be extremely beneficial for us for the establishment of an interim tertiary education division (until the legislation is passed and SITEC can be legally established) so a plan has been drafted to guide the ministry about the process, the priority tasks to be undertaken and how we would support the implementation of the new division and ultimately the new SITEC. Or perhaps, creating a new Ministry altogether to deal with post-secondary sub-sectors might be the way to go because the ministry is growing too big.

The MEHRD also aims to establish the qualification authority to ensure nationally recognised qualifications system is delivered by training organisations that meet acceptable standards. I wish to inform Parliament that my Ministry has drafted the Solomon Islands National Qualifications Framework, the document that the Qualification Authority is expected to implement. There is a plan to establish the Solomon Islands Qualifications Framework and the Solomon Islands Qualifications Authority and there are tasks that my Ministry will complete prior to promulgation of the Education Bill and also the formal establishment of the Authority before the Bill is brought to Parliament. There are other numerous activities that are being

undertaken by my ministry and that is why our budget has the highest slice of the cake.

But I just want to mention here that the key areas of spending also include our national scholarships, school grants and school infrastructure programs. Our national scholarship allocation for this year as I have mentioned earlier on is \$172.4million. This excludes the additional tertiary support of \$16.5million given by the Government of the Republic of China on Taiwan. The budget for the national scholarship program, as you know, covers a whole lot of areas but there is a new scholarship policy that will be introduced once Cabinet looks into it. That is one of the areas that must be looked into as to how it can create risks in our budget.

Despite of the fact the Ministry of Education and Human Resources Development having the biggest slice of the cake this year, 2015 will become a more difficult year for us due to the funding cuts that we are likely to experience from our development partners, and I hope this is not going to happen. But this is due mainly to the difficulties in achieving some of our performance targets that we set ourselves in 2014, particularly the scholarship budget. But that being said, I hope through fiscal discipline and the development of robust processes, the Ministry will continue to manage its resources and deliver the outputs stipulated in the DCC Government policies and our National Education Action Plans for this year. The Ministry will continue to work in close partnership with all our stakeholders to manage the risks that potentially going to affect the budget and to ensure that the delivery of services to our people will be brought about in the course of this year.

Before I finish I just want to thank all our donor partners that are supporting the Education Sector, and in this regard I would like to mention in particular the Australian and the New Zealand governments and the Government of Republic of China on Taiwan as well as the European Union.

As I conclude I wish all our teachers and our students a successful year academic year 2015 and I hope that the budget that the Parliament will be approved

so that it will serve them better and well. With these few remarks, I support the motion.

Mr ALEX LIONEL (*South Vella La Vella*): Thank you for the opportunity given to the Member of Parliament for South Vella La Vella and also the Parliamentarian Wing Leader of the Solomon Islands Party for Rural Advancement to contribute to the debate of the 2015 Appropriation Bill 2015.

Let me join the other members to add my voice in commending the Minister for Finance and Treasury, all Permanent Secretaries and staffs of the Budget Division and of course the DCC Government for presenting the 2015 Budget to Parliament for deliberation. Let me commend also the Public Accounts Committee, the Chairman and Members of the Committee for a thorough examination of the Budget Estimates. The Committee had produced high quality report which is quite useful to all of us in this House.

As the Minister for Finance rightly stated, this is a record budget in the history of our beloved country. A total sum of \$4.18billion is being requested in this bill for this Honourable House to approve. This is the biggest budget ever for the House to approve and this is the biggest budget ever in the history of our country and therefore this 10th Parliament must consider this budget bearing in mind that we only have seven months to deliver to our people.

Let me make some observations on the economy and later on the budget itself. I have listened to the presentation made by the Governor of the Central Bank to the Public Accounts Committee. Quite contrary to what a lot of commentators including some leaders in this House have said that the economy is not performing well is not fair and correct. Of course, the real GDP growth rate has been lowered quite understandably as a result of the closure of Gold Ridge mine and the flash flood on Guadalcanal last year. But there were significant improvements on some macroeconomic indicators. For instance, inflation has fallen to some 4.5percent, debt to GDP ratio is around 11-13percent of the GDP, well below the threshold of

30percent. In terms of exchange rate policy, our currency has strengthened against major currencies of our trading countries. In terms of fiscal performance, the 2014 Budget had produced \$130million surplus, which is a marked improvement from previous years' budgets. Also, the former government has shown that it remained committed to build up fiscal reserve so that the government's financial position is fiscally strong and liquid at all times to withstand uncertainties beyond our control.

On establishing fiscal reserve, the fundamental purpose is not only to be used in uncertain times like natural disasters but also other externally generated factors like a global financial crisis which we have experienced on several occasions in the past. It is also to help support balance of payment and maintain sustainable performance of the economy. In my view, this is a noble concept that most countries in the region have never had. My concern now is that we have decided to bleed this reserve completely.

Let me caution the DCC Government that it must not underestimate the inevitable risk to our fragile economy. We need to apply sound economic management and not unsustainable demand push-approach through increased government spending or fiscal expansionary policy as featured in the 2015 Budget. Let us not be mistaken and carelessly put us back into the situation our country has gone through in the early 90s during the logging boom days. This is the situation that we are seeing right now.

What I am saying is that with improved economic performances, these are encouraging developments that I as a layman had noticed from the presentation of the Governor of the Central Bank. However, these improvements have not been recognised and acknowledged in the Minister's Budget Speech. Nevertheless, I want to commend the former government and the former minister for finance for managing government finance and our economy well in the past four years, amidst some unusually difficult circumstances and challenges our country had experienced. The reality is that had it not been for these improvements and gains, we would not

be able to have record a huge budget as is now being presented to this Honourable House.

Let me comment on the 2015 Budget. Of the total sum of \$4.18billion that the DCC Government is requesting, just a little over \$3billion including statutory expenditures for recurrent budget and around \$1.14billion for development budget. The revenue projection for this year and three years rolling to 2018 does not show a comfortable picture for the country's fiscal situation. For instance, the fiscal overview in the Budget Bricks document shows that of \$3.7billion, around \$2.9billion will be financed from recurrent revenue and \$863million from grants and budget support from donors. Interestingly, the balance of almost \$470million will be sourced from the reserves. Also, apart from donor support revenue of about \$105million to the development budget, \$1.036billion will be financed from the consolidated fund. This is where my concerns are.

It would appear to me that the development budget Solomon Islands Government finance sources would most probably be from domestic borrowing through the domestic securities market or a complete wipe out of the balance of the fiscal reserve. This is a grave concern for our country and the reality of the 2015 Budget risks and ramifications on the economy has not been disclosed by the Minister in his Budget Speech. Perhaps it has been deliberately hidden.

I earlier mentioned the fundamental essence of the fiscal reserve and the reasons why it cannot be treated as ordinary tax revenue for a particular fiscal year. This is exactly what the DCC Government has done with the current budget. If you remove the use of the fiscal reserve, it will show a budget deficit of around \$1.5billion, the biggest ever deficit in the history of this country. The fiscal overview does not show a comfortable scenario as to how that fiscal expansion can be sustained realistically over a three-year period to the end of the current 10th Parliament in 2018. The risk is that if the reserve is being completely wiped out, the next three years will definitely be sourced from domestic borrowing out of the securities market.

We must learn for a recent experience. The government must stop expansionary borrowing as it will have the effect of crowding out the private sector because the inevitable situation is that the government has to raise interest rate to attract investment in treasury bills and development bonds. But the fact is that investors will go for short term bills, which unavoidably are higher than the current applicable rates in the domestic capital market. Also, not all investors will be interested in the development bonds because of long term yield at a lower rate.

Based on past experiences, only financial institutions including the NPF will be forced to buy bonds. This is not a good situation for our country as again the private sector will be deprived to borrow at a lower rate. We must not force the NPF to buy development bonds because history has revealed also that the government failed in the past and members' funds have been lost and mismanaged.

My suspicion that domestic borrowing would be resorted to is evident by the increase of national debt servicing over the next three years. Interestingly, the increase is notably higher in 2018 and most definitely will be the subsequent years. This perhaps was done deliberately to put the responsibility to repay the debts on future governments in the country. This again has not remedied my conscience about the make-up of this budget. This is not really a balanced budget. In my humble view I submit it is a deficit budget. Technically and in theory it is a fiscal expansionary budget well beyond the capability of the economy to sustain. The old days of the early 90s have returned again and hard times are ahead of us.

Even tax revenue situation for this year and over the next three years has shown a completely contradictory picture of a comfortable fiscal situation. For instance, over the next three years, export duty revenue will decrease. Even other tax revenues such as company and sales tax have not shown a formidable growth to cushion any decline in other major taxes. Increasing goods taxes arguably can be justified with the increase in government consumption with spending to suppliers and creditors (contractors and suppliers of goods and services to the government).

But again, risks to government finance and the economy remains the same as mentioned earlier - it is unsustainable.

Let me briefly make some observations on the Recurrent Budget. On recurrent expenditure, based on the new chart of accounts expenditure categorisation, the biggest increase is on consumables, payroll and grants. These are expenditure areas that have been the centre of mismanagement, abuse, theft and corruption in the history of our country; let alone of recent years. Let me caution the government not to be complacent and careless about the need to prime up efforts to apply quality assessment and value for money considerations. This can only be done effectively with the Audit Office being allocated with the appropriate level of resources to carry out its duties. But ironically, the relevant institutions to enforce and carry out an effective audit and monitoring have been given a reduced allocation this year. This again shows that the current DCC Government had deliberately decided to weaken the Audit Office, a reduction of \$3million in the recurrent budget. Let me advise the government to increase this allocation in the mid year budget review.

Consumables expenditure is an area that we must not lose sight of. I have noticed that the increase allocation to the Office of the Prime Minister and Cabinet for policy evaluation and enforcement of policy implementation has attracted huge allocation in the budget. This is a recreation of the previously abandoned economic bureau that was dismantled by the former government. The risk is this; that riding on popular support, the government must be cautioned that this allocation is not mishandled, abused and wasted through corrupt practices as experienced in the former social and economic bureau. In the past, officers had drawn huge amounts in imprest and allowances to undertake consultation with little result or lack of it.

On training, there is an increase allocation which is commendable. We need to support our new University (SINU) and other vocational and technical institutions. We must provide adequate resources to support the USP 4th Campus at NDomas as well. But we need to rationalise and apply selection criteria in the award

of scholarships. This has been the problem in the past where budget allocations were busted three months into the fiscal year and deny our citizens a fair go in higher education. The scholarship award must be on merit based on those who deserve the award and can attend higher education to benefit our country. We cannot continue to fund professional students who continuously fail in their academic career, because we will deprive the new pre-service intake into the system who deserve an award. Remember it is a cost to the Government and the economy of tax payers' money to ignore the wastage in investment by those who have performed poorly academically. This practice must stop and the NTU must be placed under close scrutiny by the Audit Office to avoid wastages in this regard. It is sad to hear that this practice has crept in again of recent and we will be hearing more complaints and protests from our students if we are not careful.

Let me say a few words about the Development Budget and to highlight potential risks in the makeup of this Budget. I had noticed an increase in grant to constituency to a new level of \$260million. This is more than 73percent increase from previous years. This is an explicit example or testimony of the current government's deliberate action and considerably apt demand side of the economy without proper processes and guidelines to ensure effective return to the economy.

I ask the Government to immediately bring in the CDF act and its regulations into force. Failure to do so will result in perpetuating bad practice of wastages and abuse of government funds by us maybe leaders and scrupulous members of our constituencies and will not make any change at all. In fact, to the contrary we will continue to turn state institutions as politically attractive institutions and the rent seeking attitude will remain. I humbly ask the government to bring in the CDF regulations into force and it must be a must and without delay. If there are any amendments that need to be done to the CDF act, then I believe you can do it. But if we can reflect back to the recent General election, a lot of the people who contested against us, they only talked about the funds and did not talk about policies. So it is very important that this big amount of money that comes in through the Ministry of

Rural Development must be guided by regulations. I want to see improvement on this so that come 2018 our rivals will not campaign against us on those funds. I believe the 16 new members did not campaign against this funding that we are used to getting. This is a caution for those of us in the House now.

The government through the Budget Speech by the Minister for Finance had announced the resurrection of the DBSI or a similar micro finance scheme. In my humble view, if we are serious about resurrecting the DBSI we must avoid an alternative developmental financing in a form of free grant scheme that will be in direct competition to the DBSI or such micro finance. Because if you allow free grant people will go for it and will avoid the micro financing schemes like the DBSI. Remember, this is exactly the reason why DBSI failed in the past and we must not repeat the same story again.

On policy recommendations, let me conclude by offering some recommendations on possible policies that the government is moving forward with or is considering to implement as part of its development program. First, I submit that the government should focus on improving good governance and accountability; I strongly recommend that the new Leadership Code legislation that the former government had prepared and is now ready to be presented in Parliament be prioritized for enactment in June or July of this year. We need to beef up resources allocated to governance institutions like the Auditor General's Office, the Ombudsman, Leadership Code Commission as well as the Political Parties and Integrity Commission to enforce integrity standards and good governance values in the government system and society. I had noticed that most of these institutions have received lesser or same level of allocations in the budget. Also the government should consider as priority the enforcement of the new CDF regulations to ensure that public funds are not squandered.

I ask the government to prioritize the land registration project and its recommendations for a new legislation to be introduced by this year. This is the only way forward for the government to address the supply side of the economy of

our country. The recording aspect of customary land registration, in my humble view, will only delay further the registration of customary land as it will take us more than 50 years to reconcile and codify customary laws and other practices and values to be recorded and applied. This is because it will create further dispute or even aggravate current disputes. I again submit that the way forward for customary land registration must be non-adversarial because if we take an adversarial approach it will inevitably lead to contestability, controversy and therefore dispute.

I strongly recommend that the current government commences work on the new electoral system in preparation for the 2018 general election. On this note, it would be grossly remiss of me not to acknowledge the former government for introducing the Biometric Voter Registration system which has enabled for the first time in the history of our country of more than 90percent of voter turnout. This shows that members of the 10th Parliament truly and fairly reflect the representational notion of our young democracy.

I submit that work on the autonomy of Parliament must be completed this year. This will ensure that our parliamentary democracy is strengthened without undue influence from the executive. Let me say that I am not fully convinced that this Budget deserves to be placed as the people's budget because it is fundamentally flawed in its makeup to be a balanced budget and fails to address the supply side of the economy. Instead, it is nothing more than an instrument that beefed up the demand side of the economy to increase spending. I again ask the government to apply sound economic management devoid of unsustainable increase in government spending or consumption.

Finally let me remind the DCC Government that the expectations of our beloved people are very high and they are eagerly waiting to see the implementation of the government's programs. Please do not fail our people's expectation. With these few remarks, I resume my seat.

Mr CHRIS LAORE (*Shortlands*): My debate will look at the general overview of the Budget. Secondly, the Budget in relation to its translation of the DCC policy framework and thirdly, my humble view as the Member for Shortlands when looking at this budget and to ask if the government can make some changes so that we can benefit out of it in terms of the programs that government intends to bring change to the people.

Allow me to start off by quoting the first paragraph of the foreword of the DCC Government Policy Statement, and I quote, "The DCC Government is determined to bring about positive change through effective reform programs to ensure that Solomon Islanders are governed and empowered to achieve a meaningful quality of life'. At the forefront, let me thank the DCC Government for this much awaited budget for the country. I want to applaud the Government for this biggest budget ever the country has experienced at a tune of \$4.1billion. Everyone is happy with this. In terms of expenditures, the Bill proposes a current expenditure of \$2.3billion and a budget support expenditure of \$667million and a development expenditure of \$1.2billion. The Minister said that about \$2.8million is expected to be collected from internal sources, such as the Inland Revenue, Customs, other ministries and the net shortfall of \$461million is expected to be funded by the cash reserves.

Generally looking through, both the development and recurrent expenditures, one can see the attempt by the Government as an effort to put food where its mouth is, so to speak. For instance, there are sizeable figures on areas such as agriculture, fisheries, forestry, tourism and education. I can understand that while the government, similarly to any head of a family, wants to spend more on bettering the livelihood of its people and country, however, it has to face the reality that resources within their means are limited and scarce. Thus, the government has to face the challenge in making the aching decision as to who, how much and when should the meager resources at the disposal of the government be shared. And in so doing, the ceiling which the Budget Unit allocates will always displease some of the

Ministries. We have heard it that some colleagues have expressed their disappointment during the Public Accounts Hearings, especially the Permanent secretaries and Ministries because there is no fair allocation of money to them. It is true that some provide services and others are money making Ministries. However, this challenge in which the economics of the bureaucracy has to deal with in trying to make the choices of allocating the scarce fund in the budget estimate so that it operates where the government intends to.

In terms of donor assistance, I on behalf of my people of Shortlands wish to thank donor partners for their continuous assistance in this budget in which an assistance of \$667million is from donor support. I have heard from the Leader of Opposition that the amount was \$871million and so I think donor support has increased. However, as the saying goes, 'we never want to count on the kindness of strangers and foreigners in order to meet tomorrow's obligations.' It has to come from our own sweat equity. I am pleased to see the huge increase in the development budget coming from the government and the only thing we are waiting for now is action on what we aspire to change.

There is a doctor there and he knows about the assessment of patients. Before a patient goes for a major operation doctors will carry out assessment by consulting with the patient and if there is blood donor or blood in the blood bank is enough doctors will give him. This is the same with donors, we are looking at donors, who are our donor partners and whether they are going to give us more blood or not or whether they are going to increase the money. That is the question. Because if there is no blood in the blood bank then we are going to go around searching and when we get blood for patients for operation it has to match that of the patient. You cannot give a Group A blood to a patient with Group O blood because that patient is going to die. I hope these policies and their translations are workable so that all of us benefit and my people of Shortlands also benefit. There is no short cut to this but everything must be according to processes.

I will talk a bit more on policy and the budget. As the saying goes, "Time waits for no one." Now we have less than eight months to execute the ambitions that the Government has. Lest we forget, the general rule on any sound policy and legislation is that what is written on paper can only be true when you see it; you can see it, you can feel it, touch it or impact the lives of every citizen. This is very important thing in this budget that it is the lifeblood of such a reality.

I will now talk a bit on equity and distribution. Sorry, I am not an economist but I am getting these points from the policy translation document because it is affecting my people of Shortlands. On equity and fair distribution, may I again quote from the introductory statement of the DCC policy, which says and I quote - "that it aims to facilitate social and economic development that ensures fair and equitable distribution of goods and services and equal opportunity." This is a big assurance and the question is, how can the Government determine what is fair and equitable amongst the different clusters of people in the diverse Solomon Islands? For instance, whilst the people of Shortlands contribute a lot to the economy through the exploitation of their forest resources through logging and their own initiative in acquiring foreign currencies through small economic activities such as trading across border by selling their market produces in Buin. I am a bit shortsighted not to see any empowerment and equity for my people in this 2015 Budget, apart from the breadcrumbs that we all will receive through the livelihood fund, just like the other constituencies. Therefore, it begs the question, is that equity by contributing more to the economy and receiving less in terms of government funding and priorities?

The other issue I would like the government to look into is compensation payments, which is now supposed to be rehabilitation. I, on behalf of my people, am happy that our neighbor, PNG is a big brother indeed and in this year's budget it continues to provide budget support for education with an allocation of \$17million for tertiary students. I think one of the contributing factors that stem from such an assistance is because of the spillover effects of the Bougainville crisis. As Melanesians, it is a form of reconciliation for past atrocities that have victimized the

people within my constituency. These victims have wished and waited all these years for some sort of compensation for their losses in terms of damages of properties and also loss of lives of loved ones.

Hon Douglas Ete (*Interjecting*): You were once the Police Minister.

Mr Christopher Laore: That is fine, but that money did not go there but it comes to you. I am not here to defend but I am here to inform and you should accept it. That is why we cannot be straight. When the Member for South Guadalcanal went through the Court of Arms, I was thinking too that it should change because frigate bird never stays down but it flies high above and only comes down to steal from the seagulls that catch the fish. That is why things that come out are taken by others. Frigates stole fish from seagulls, it never dives itself. That is why there is need for change so that everything can change.

It has been a long time now in terms of rehabilitation, some 20 or 15 years ago. I do not know since when was this money started given to us. The people that lost their loved ones are still waiting. Any new government that comes in say 'wait' and so I would like to try and ask this government if it can support the cries of those people. Because of the spillover effects, the government of PNG is trying to settle with us through reconciliation so that peace returns to the border. It is stated in Section G of the DCC Government policy and to remind the government lest it forgets its assurance, 'Respect human dignity by the protection of the most vulnerable, disadvantaged and disabled in the country.' As I have said, past governments have failed to deliver. However, with the mercy of the Almighty I beg and pray that this government will receive divine grace to fulfill this assurance and give comfort to the victims experiencing the spillover effects of the Bougainville Crisis. Or maybe if I can truly put it, they have contributed in sacrificing their lives so that Solomon Islanders receives such assistance. I am not here to defend or to blame this government or that government and so forth. Past governments have

failed and I am asking this government, the DCC Government. However, I am still blind because I did not see in the Budget estimates for anything as such. I think the Minister for Peace and Reconciliation might have a budget for that or the Ministry of Police because Police wants to pay out \$100,000 passed by the government of the late Ulufa'alu but no governments has paid that until now. It was passed by cabinet, it was a cabinet paper.

I will now look at economic growth. Whilst the government highlighted the initiative in the budgetary process to stimulate economic growth through the various sectors, yet it focuses more on the primary sectors such as agriculture, fisheries, reforestation, tourism and others, which is good. However, in my opinion our process and planning for economic growth still needs more time to look at and strengthened. We should not jump here and there.

The trend of business and economic growth in the world is in the era where science and technology is at the forefront of any economic progress. At this time and age people even make money when they are asleep in their beds through e-commerce. Buying and selling of stock exchange or bonds. The question is, can the government create an environment where citizens can participate at such a level of economic development. That is all we are asking, small things like that.

Even with the development of the Solomon Islands National University, as we have been talking about and hope it will work, the government should allocate funding specifically to ensure that we have state of the art science and technology laboratories or even better establish a department maybe, within the Ministry of Commerce that can promote pure and applied science and technology, where our science and technology experts can contribute to the economy in inventions and experiments to produce products for pharmaceuticals. We have a lot of custom medicines, local herbs and trees which can be made into medicine so that it can cure AIDS too. We even cure diabetes with custom medicines. But yet we spend money buying a lot of things. We have experts in pharmacies who can do it but we have to produce something for them to use. I believe such an investment can be part of the

solution to our dwindling forestry sector, more so, the unstable price we have been receiving for our exports.

Furthermore, it will promote conservative and sustainable harvesting of our native species, both flora and fauna and these scientific initiatives will add value to our raw products. It does not make any sense to have lots of fresh clean streams in our islands, yet we are importing water from countries that are known for their pollution track records. I went for the solovisu program with the Prime Minister last year, and was very surprised to see seven water sources coming out from a mountain in South Guadalcanal. That is the best water to bottle and export to Africa, which has no water. I believe this is very easy as it can be just piped over here and bottled and there is no need to distil it because it is fresh and pure. Like one of the known philosopher, Confucius once said, 'give a man fish and you feed him for a day but teach him how to fish and you feed him for life'.

Advancing economic growth in the rural areas will be futile if those with the resources are ignorant and lack the knowledge to understand the level of change that government desires. Therefore, our education system must be at par in disseminating knowledge that is relevant to accept development or change. Our people in the rural areas may be are not that well educated but they are not stupid. Anything they are uncertain of will be met with resistance, and this always happens. It is not because the rural people do not want development, rather they are unsure of the outcomes nor do they trust any foreign institution, let alone the government institution that is popular of letting them down. An example of this is the forestry sector. In the Shortlands now, there is a logging license given in the name of agro forest but it goes into the swamps, the mangroves destroying everything like a tsunami. I want the forestry minister to rename it as aqua forest because agro, coconut and cocoa or whatever cannot grow in swamps but only mangroves can grow there. I ask the DCC Government to relook into this agro forestry. I know you were not a part of it but that is what is happening now. It is mass destruction of logs

and not what it was intended for in the first place where reforestation was included. I want to ask the Minister for Environment to send an assessment team to assess it so that it does not affect the people of Shortlands. Those mangroves are places where island bonitos go to lay their eggs. I would like to ask the government to look into this.

Our people can only change if they accept change and in order for them to accept change they have to be educated with relevant knowledge to understand the changes that is expected of them. This is very true. Our people will not accept change if it comes from representatives of mistrusted institutions such as politics. The avenues that we can use to ensure our people accept the knowledge of change is either through the education system and church institutions. These are the only powerful mechanisms that can groom people to accept change. Otherwise, regardless of this \$4.1billion budget, it cannot bring about the change that is expected.

I will talk a bit more on security because we are the border people. The Prime Minister himself is also from that border in Choiseul Province. In terms of security, whilst RAMSI is in its transitional state, once again I want to thank them for their assistance rendered since the post ethnic conflict. Whilst RAMSI is here purposely to maintain law and order and strengthen government institutions, one thing we have to take on board, which I am pleased this government through its policy has assured the citizens of this country, is the safety and security of our people. It is all here in this document – the policy and translation booklet. And I want to thank the government for carefully considering this. My only regret is that those of us who are at the border who often experience cross border incursions are feeling much more insecure than the past because RAMSI came and destroyed all the weapons and the people coming in from the other side come in with arms and there is nothing much you can do. This is not funny. You are not living at the border and so you do not understand what I am saying. It is us who are living at the border and we know what it is like.

I want the government to look more into this by putting more money into that area so that we can contribute to our economy. Right now there is no investment going on over there. Also, when those people from the other side came over to our side, they destroyed and removed everything in logging and who is affected? It is the government that is affected.

Shortlands is a small island but for the last 20years it has been logged until today. God still has mercy over us and so trees keep growing over there. I want to ask the government to put more funding to the Ministry of Police, National Security and Correctional Services to strengthen security at the border as we are always affected with border incursions. Put a base there at the border so that we can feel safe and protected. If not then I would like to ask for a special license for myself in case anyone might want to shoot me because of politics. Yes, we never know.

I also want to say that on Tuesday night one of the logging camps was raided with arms and on Sunday night another camp was also raided. I want the Police Minister to communicate with the Commissioner of Police to find out ways on how to address this issue. I was the former Minister for Police, National Security and Correctional Services and I got \$18million to build police posts at Mono, which is almost complete, another one at Harapa and another one at Fauro, and I ask the current minister to continue to support those police posts. The PNG grant is what I asked the Prime Minister then of the NCRA Government and it agreed with it and that is how we built those police posts because national security is very important.

I want to touch a bit on foreign policy and I want my good colleague Minister for Foreign Affairs to look into this seriously. I think there was a paper to redraw the international boundary borderline...

Hon Manasseh Sogavare: Point of order. The Member for Shortlands is telling us a lot of good things but since it is now 4.30pm I seek the consent of you Mr Speaker to suspend Standing Orders 10 in accordance with Standing Order 81.

Mr Speaker: Leave is granted.

Standing Order 10 suspended at 4.30pm to permit the continuation of business

Mr Chris Laore: Thank you Mr Speaker and I thank the Honourable Prime Minister for moving the motion for continuation.

As I have said, a cabinet paper at that time which I fought hard for has been drawn and so I do not want the government to take it and redraw it outside of the country by Foreign Ministers so that it destroys Shortlands or those of us at the border. If it is going to be redrawn I know that some of our islands will go out. Let it be like that so that it remains that way.

One thing my people have experienced is that the imaginary line called the border which is drawn in some foreign drawing rooms during the colonial rule is a very powerful thing because now our blood relatives who are just a paddling distance away are now seen as people from a different country. The point I am trying to make is that any discussions on our border must be shelved for now and should not be an issue of foreign policy for negotiation and of trading because it is affecting the people's lives. These lands and sea resources are owned by people and recognized by the constitution. Hence, we as the government may not have the jurisdiction to decide on that without the consent of resource owners. Please, if there is going to be anything like reconciliation and so forth, use the chiefs and do not go up to the top level when something down below happens. I ask you to involve the chiefs of Shortlands and the people directly so that we can come up with amicable solutions to this border issue.

That is what I would like to say so that the government of the day looks into this issue. Unlike Vanuatu and Temotu with a very huge EEZ, not so in the Shortlands islands. If the EEZ were to apply to Shortlands it would be in the middle

of the island of Shortlands. It is just a fake border with no imaginary line. My plea to the Foreign Minister is to leave it as it is and do not go signing anything which will only make matters worse for us.

My humble view is that I think and feel the government should prioritize or strategize its development priorities, not forgetting some constituencies or islands that are very remote, for example the Vattu Constituency in Temotu. This constituency is at the border and is from the East and we are from the West. There are no developments happening in our constituencies, there is nothing for the last 30 years since independence.

Whilst the attempt by the government through the budgetary process is applauded, however, there is one thing the government needs to consider when strategizing its development aspirations. Have you heard of the business adage, "location, location, location" while the reasons for location of development might be for socio political reasons.

As indicated in the policy statements, I do not think there is enough economic consideration on the location of these developments are made because if that is done, my constituency and the North West Choiseul constituency will be the hotspots that need to be fully utilised for any economic strategic development. This is because if we consider economic viability, this part of the border has viability. For instance, that area does not really need foreign trade agreements for a start, instead the government can utilize existing lineage and traditional trade links that have been taking place since the beginning of time and is currently practiced. For example, it is obvious that my constituency and that of North West Choiseul constituency have exported more Solbrew and Taiyo products than the containers for international market on a weekly basis. That is very true. Do you know how many cartons of beer are being shipped across, as well as taiyo, solbako and those products? We earn to support the government through these economic values.

It disheartens me as the Member for Shortlands, and the Member for North West Choiseul sitting down over there and listening to me knows that there is

nothing in the budget in terms of other forms of development that can utilize the potential for the economy of this country. For instance, the DCC Government might allocate in the next budget to develop the Kulitanai Police post to be a naval base so that it looks after border security. If no one wants to be recruited then we can recruit ourselves. Or develop Mono, the Treasury Island for tourism because they are many war relics there so that the people of Shortlands and Choiseul can also trade with Buka or Buin or even as far as Kieta for trading of shell money which many people in the constituency of the Member for Aoke/Langalanga used to go across through Choiseul and Shortlands to sell the shell money. That is how we earn money and indirectly you do not see it but it works. So I would like to ask the Government to look into this. And we have the potentials because you do not need land mass but it is just a buy and sale trade. Just strengthen this link. I would like to thank the people of the MP for Aoke/Langalanga because they are live very far from our constituencies but they contribute to the economy of this country.

Whilst the policy statement of the Government looks enticing in needing citizens to contribute to economic growth, however, the footprint of economic growth in the budget shows it is very selective in its distribution. With due respect, Honourable Prime Minister, the Minister and other government ministers, for me, the 2015 Budget only favours the 'big boys' but not so much the smaller constituencies, and those at the outliers of the country. I might be reminiscing over what is already on paper but we also want to take part in developing the economy of this country.

While this budget focuses on utilizing resources on land and extraction of fish in the deep sea, it overlooks the fact that the low lying islands have potentials too, an obvious potential focusing on developing marine resources in low lying areas are there and fewer disputes over customary land or boundaries, which is the stumbling block to development in this country. Whilst I see the budgetary allocation for the Ministry of Fisheries to develop inshore fisheries, I am not so sure whether such allocation will come to my people of Shortlands, who have the best marine habitat

that can host such an institute by the government. I ask the government to relook at it.

I will now come to political appointees. Whilst my people of Shortlands support the budget in principle, my concern is the implementation aspect of it. The experience we have in government sometimes is that political cronyism is a stumbling block to any advancement of government policy. This is very true as it has happened in past governments. I ask the government to look into this because some of those so called political appointees have no technical expertise in the areas they are appointed to. This is very true. I can name them but I do want to do that.

We have people with Doctorates who can be consultants, which is good but some are not good. I ask the government to relook into this for the change that he wants so that our people are happy with that change. I want to honestly say to you that when the good Honourable Prime Minister used to be chairman of the Bills and Legislation Committee, I used to be scared of him and wanted to run away because of the way he talks. But this is why I wanted him to continue to do that, not because of politics but we want change. This is why I support the budget. I only ask this government to support those of us at the border because we have always felt left out.

This is a true situation. Medical supplies that came through Gizo reached Shortlands but they already expired because there is no transport. Just three weeks ago I have to pay for the freights of medicine because medical store do not even have \$700 to pay for the freight. I ask the government to look at this. I thank the government for assisting in the level 2 clinic. I am sorry because our doctors graduated from Cuba will not work may be for the next three or four year. My people will be affected for another years without doctors. I thank the government for considering this and that there will be a medical store and supplies will come directly to us.

I ask the government to relook at the political appointees. It is good to have a number of political appointees to speed up the change that we want, but we have to

put the right person in the right position. An expert and someone who knows nothing cannot match. There will always be conflict.

Before I resume my seat, while it is an ambitious budget in a way that we bank on the hope that there is growth in the gross domestic product. As the financial agencies such as IFM and World Bank who focus the GDP of 3.5percent, but we did not reach that because of the floods and also man made destructions. In 2014, we did not reach the target. We hope there will not be any disasters for now and onwards.

I think that is all I want to say. Otherwise the directions and policy that the government has for this country is very good and I am happy. My people and I support the policy and budget. I want to quote from one of the world's richest man by the name Warren Buffet: "When forced to make decision, I will not trade even a nice sleep for the chance of extra profit". This message is a reminder to us that in all the economic and financial endeavours the government strives to achieve, the citizens of this country must not be the victim of such ambitions, rather they should be foremost to benefit and enjoy from such endeavours.

Thank you once for listening to me. Thank you Mr Speaker for giving this much time, I will now resume my seat.

Hon Manasseh Sogavare: I beg to move that this House do now adjourn.

The House adjourned at 4.44pm